

OFFERING MEMORANDUM

NEW ISSUE - BOOK ENTRY ONLY

NON-RATED

In the opinion of Barnes & Thornburg, Indianapolis, Indiana, under existing laws, interest on the Bonds (as hereinafter defined) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Bonds. In the opinion of Barnes & Thornburg, Indianapolis, Indiana, under existing laws, interest on the Bonds is exempt from income taxation in the State of Indiana, except for the financial institutions tax. See "TAX MATTERS" and Appendix B herein.

\$5,800,000
INDIANA BOND BANK
ADJUSTABLE RATE SPECIAL PROGRAM BONDS
SERIES 2002 B
(TRI-COUNTY CONSERVANCY DISTRICT PROJECT)

Dated: Date of Issuance

Price: 100%

Due: January 1, 2025

The Bonds are issuable only as fully registered bonds in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"). Purchases of beneficial interests ("Beneficial Ownership Interests") in the Bonds will be made in book-entry only form and purchasers of Beneficial Ownership Interests will not receive certificates representing their interests in the Bonds. The principal of and redemption premium, if any, and interest on the Bonds or the purchase price of the Bonds will be paid to DTC or its nominee as the registered owner of the Bonds. Disbursement of such payments to owners ("Beneficial Owners") of Beneficial Ownership Interests will be the responsibility of DTC and its direct participants and indirect participants. See "THE BONDS -- Book-Entry Only System" herein.

The Bonds are being issued by the Indiana Bond Bank (the "Bond Bank") pursuant to a Trust Indenture dated as of April 1, 2002 (the "Indenture"), between the Bond Bank and Bank One Trust Company, National Association, as trustee (the "Trustee"), for the purpose of providing funds to pay the costs of issuance of the Bonds and to purchase the Tri-County Conservancy District Works of Improvement Revenue Bonds, Series 2002 (the "Qualified Obligation") issued by the Tri-County Conservancy District (the "Qualified Entity") pursuant to a Purchase Agreement dated April 12, 2002 (the "Purchase Agreement") by and between the Bond Bank and the Qualified Entity. The Qualified Obligation is being issued by the Qualified Entity for the purpose of providing for (i) the collection, treatment and disposal of sewage and other liquid waste, and the development of forest wildlife areas, parks and recreational facilities in connection with beneficial water management and providing a water supply, including treatment and distribution for domestic, industrial and public use, for the area comprising the Tri-County Conservancy District, (ii) the refunding of an outstanding obligation of the Qualified Entity, (iii) the payment of capitalized interest on the Qualified Obligation, and (iv) the payment of the costs of issuing the Qualified Obligation. From the date of issuance, the Bonds will be secured by an irrevocable direct-pay letter of credit (the "Letter of Credit") issued by

THE HUNTINGTON NATIONAL BANK

(the "Bank"), a national banking association, in favor of the Trustee. The Letter of Credit will permit the Trustee to draw an amount up to (a) the outstanding principal amount of the Bonds (i) to enable the Trustee to pay the principal amount of the Bonds when due at maturity, upon redemption or acceleration and (ii) to enable the Trustee to pay the portion of the purchase price of Bonds or Beneficial Ownership Interests tendered to it equal to the principal amount of such tendered Bonds or Beneficial Ownership Interests, plus (b) an amount equal to interest to accrue on the Bonds for 45 days at the maximum interest rate of 10% per annum (the "Maximum Rate"), (i) to enable the Trustee to pay interest on the Bonds when due and (ii) to enable the Trustee to pay the portion, if any of the purchase price of Bonds or Beneficial Ownership Interests tendered to it equal to the accrued interest on such tendered Bonds or Beneficial Ownership Interests. The Letter of Credit will expire, unless earlier terminated, on September 15, 2005. The Letter of Credit may be replaced by an Alternate Letter of Credit, as defined herein, upon satisfaction of certain conditions. See "THE LETTER OF CREDIT" herein.

The Bonds will initially bear interest at the Weekly Interest Rate, payable on the first Business Day (as hereinafter defined) on each month, commencing May 1, 2002. Commencing June 3, 2002 and thereafter, the Qualified Entity can elect to have the Bonds bear interest at a One Month Interest Rate, Three Month Interest Rate, Six Month Interest Rate, One Year Interest Rate, Five Year Interest Rate or Fixed Interest Rate (each an "Interest Rate Mode"). The interest rate or rates on the Bonds during any Interest Rate Mode will be set by the Remarketing Agent, presently Huntington Capital Corp., Columbus, Ohio. In no event will the interest rate on the Bonds exceed the Maximum Rate.

The Bonds are subject to optional and mandatory redemption under the circumstances specified herein. Each Bond or Beneficial Ownership Interest may be tendered for purchase at the option of the holder or Beneficial Owner thereof unless the Bonds bear a Fixed Interest Rate and, are subject to mandatory tender upon a change in the Interest Rate Mode, the delivery of an Alternate Letter of Credit or the expiration of the Letter of Credit as specified herein.

THE BONDS ARE PAYABLE SOLELY BY THE BOND BANK FROM THE REVENUES (AS DEFINED HEREIN) AND OTHER FUNDS OF THE BOND BANK PLEDGED THEREFOR UNDER THE INDENTURE, WHICH REVENUES AND FUNDS INCLUDE PAYMENTS ON THE QUALIFIED OBLIGATION (AS DEFINED HEREIN) PURCHASED BY THE BOND BANK AND THE LETTER OF CREDIT (AS DEFINED HEREIN). THE BOND BANK HAS NO TAXING POWER. THE BONDS DO NOT CONSTITUTE A GENERAL OR MORAL OBLIGATION OF THE BOND BANK AND A RESERVE WILL NOT BE MAINTAINED BY THE BOND BANK FOR THE BONDS. THE BONDS, BOTH AS TO PRINCIPAL AND INTEREST, DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE STATE OF INDIANA OR ANY POLITICAL SUBDIVISION THEREOF UNDER THE CONSTITUTION OR STATUTES OF THE STATE OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Offering Memorandum to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the Bond Bank and received by the Agent subject to prior sale, withdrawal or modification of the offer without any notice, and to the approval of legality of the Bonds by Barnes & Thornburg, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed upon for the Bond Bank by its counsel, Bingham McHale LLP, Indianapolis, Indiana, for the Qualified Entity by its bond counsel, Krieg DeVault LLP, Indianapolis, Indiana, for the Bank by its counsel, Barnes & Thornburg, Indianapolis, Indiana, and for the Agent by its counsel, Krieg DeVault LLP, Indianapolis, Indiana. The Bonds are expected to be available for delivery to DTC in New York, New York, on or about April 12, 2002.

HUNTINGTON CAPITAL CORP.,
as Placement Agent and Remarketing Agent

April 12, 2002

No dealer, broker, salesman, or other person has been authorized by the Bond Bank, the Bank or the Agent to give any information or to make any representations, other than those made herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Bond Bank, the Bank or the Agent. This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale.

The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Offering Memorandum nor the sale of any of the Bonds shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFERING MEMORANDUM SUMMARY

The following is a summary of certain information contained in this Offering Memorandum, to which reference should be made for a complete statement thereof. The Bonds are offered to potential investors only by means of the entire Offering Memorandum, including the cover page, this summary statement and the Appendixes hereto. No person is authorized to detach this summary statement from the Offering Memorandum or otherwise use it without the entire Offering Memorandum.

Securities Being Offered

The following securities are being offered:

\$5,800,000 Indiana Bond Bank
Adjustable Rate Special Program Bonds, Series 2002 B
(Tri-County Conservancy District Project)

THE BONDS ARE PAYABLE BY THE BOND BANK SOLELY FROM THE REVENUES (AS DEFINED HEREIN) AND OTHER FUNDS OF THE BOND BANK PLEDGED THEREFOR UNDER THE INDENTURE, WHICH REVENUES AND FUNDS INCLUDE PAYMENTS ON THE QUALIFIED OBLIGATION (AS DEFINED HEREIN) PURCHASED BY THE BOND BANK AND THE LETTER OF CREDIT (AS DEFINED HEREIN). THE BOND BANK HAS NO TAXING POWER. THE BONDS DO NOT CONSTITUTE A GENERAL OR MORAL OBLIGATION OF THE BOND BANK AND A RESERVE WILL NOT BE MAINTAINED BY THE BOND BANK FOR THE BONDS. THE BONDS, BOTH AS TO PRINCIPAL AND INTEREST, DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE STATE OF INDIANA OR ANY POLITICAL SUBDIVISION THEREOF UNDER THE CONSTITUTION OR STATUTES OF THE STATE OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" HEREIN.

The Bond Bank

The Bond Bank is a separate body corporate and politic, constituting an instrumentality of the State of Indiana ("State") for the public purposes set forth in Indiana Code 5-1.5 et seq., as supplemented and amended (the "Act"). The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power. The Bond Bank is governed by a Board of seven Directors, including the Treasurer of the State, who serves as Chairman Ex Officio, and the Director of the State Department of Financial Institutions, who serves as a Director Ex Officio and five additional Directors, each appointed by the Governor of the State.

Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and had outstanding as of April 1, 2002, an aggregate principal amount of approximately \$1,879,330,000 in separate program obligations. Additionally, as of the date of this Offering Memorandum, the Bond Bank is considering undertaking other types of financing for qualified entities for purposes authorized by and in accordance with the procedures set forth in the Act. The obligations issued by the Bond Bank in connection with any and all such financings, if

any, will be secured separately from the Bonds and will not constitute Bonds under the Indenture or for purposes of this Offering Memorandum.

The Act

Pursuant to the Act, the purpose of the Bond Bank is to assist "qualified entities," defined in the Act to include, in part, political subdivisions, as defined in Indiana Code 36-1-2-13, leasing bodies, as defined in Indiana Code 5-1-1-1(a), any commissions, authorities or authorized bodies of any qualified entity, and any organizations, associations or trusts with members, participants or beneficiaries that are all individually qualified entities. The Bond Bank provides such assistance through programs of, among other things, purchasing the bonds, notes or evidences of indebtedness of such qualified entities.

The Trustee

Bank One Trust Company, National Association will serve as the initial Trustee under the Indenture.

The Bank and the Letter of Credit

The Huntington National Bank, Columbus, Ohio (the "Bank"), will provide an irrevocable direct-pay letter of credit (the "Letter of Credit") for the Bonds. See "APPENDIX A -- THE HUNTINGTON NATIONAL BANK" attached hereto. The Letter of Credit will permit the Trustee to draw an amount up to (a) the outstanding principal amount of the Bonds (i) to enable the Trustee to pay the principal amount of the Bonds when due at maturity, upon redemption or acceleration and (ii) to enable the Trustee to pay the portion of the purchase price of Bonds or Beneficial Ownership Interests tendered to it equal to the principal amount of such tendered Bonds or Beneficial Ownership Interests, plus (b) an amount equal to interest to accrue on the Bonds for 45 days at the maximum interest rate of 10% per annum (the "Maximum Rate"), (i) to enable the Trustee to pay interest on the Bonds when due and (ii) to enable the Trustee to pay the portion, if any, of the purchase price of Bonds or Beneficial Ownership Interests tendered to it equal to the accrued interest on such tendered Bonds or Beneficial Ownership Interests. The Letter of Credit will expire, unless earlier terminated, on September 15, 2005.

Remarketing Agent

Huntington Capital Corp., Columbus, Ohio, has been appointed to serve as initial "Remarketing Agent" under the Indenture.

Application of Bond Proceeds

The proceeds of the sale of the Bonds will be used to pay the costs of issuance of the Bonds and to purchase the Tri-County Conservancy District Works of Improvement Revenue Bonds, Series 2002 (the "Qualified Obligation"), the proceeds of which will be utilized by Tri-County Conservancy District, a special taxing district and political subdivision (the "Qualified Entity"), for the purpose of providing for (i) the collection, treatment and disposal of sewage and other liquid waste, and the development of forest wildlife areas, parks and recreational facilities in connection

with beneficial water management and providing a water supply, including treatment and distribution for domestic, industrial and public use, for the area comprising the Tri-County Conservancy District, (ii) the refunding of an outstanding obligation of the Qualified Entity, (iii) the payment of capitalized interest on the Qualified Obligation, and (iv) the payment of the costs of issuing the Qualified Obligation. See "APPLICATION OF PROCEEDS" herein.

Maturity and Redemption

The Bonds will mature on January 1, 2025, subject to prior optional and mandatory redemption (including mandatory sinking fund redemption), and are subject to mandatory purchase upon the occurrence of certain events as described herein. See "THE BONDS -- Redemption Prior to Maturity," "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Conversion Between Modes," "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Expiration of the Letter of Credit or Alternate Letter of Credit" and "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Delivery of an Alternate Letter of Credit" herein.

Interest Rates, Payment Dates and Conversion Between Interest Rate Modes

The Bonds will bear interest from the most recent date to which interest has been paid, at an adjustable rate of interest in one of several modes (an "Adjustable Interest Rate Mode") or at a fixed rate of interest to maturity (a "Fixed Interest Rate Mode"). The Adjustable Interest Rate Modes and the Fixed Interest Rate Mode are collectively referred to herein as "Interest Rate Modes." The Adjustable Interest Rate Modes are: Weekly, One Month, Three Month, Six Month, One Year and Five Year. While the Bonds bear interest in one of the Adjustable Interest Rate Modes, the Bonds bear interest during a period generally corresponding to the title of the Adjustable Interest Rate Mode (each an "Interest Rate Period") at a rate determined by the Remarketing Agent. The Remarketing Agent determines the rate on the "Interest Rate Determination Date" and such rate is effective as of the "Interest Rate Adjustment Date" for such Interest Rate Period. **After any Interest Rate Determination Date any Holder may contact the Trustee (317/756-1302) or the Remarketing Agent (614/480-5468) in order to be advised of the applicable interest rate.** See "THE BONDS -- Interest" herein.

The rate of interest determined by the Remarketing Agent for a particular Interest Rate Period is to be the lowest rate at which, as of the Interest Rate Determination Date for that Interest Rate Period, in the judgment of the Remarketing Agent the Bonds could be remarketed at par, plus accrued interest, if any, on the Interest Rate Adjustment Date for that Interest Rate Period. If the Remarketing Agent has been removed or has resigned and no successor has been appointed, or if the Remarketing Agent has failed to determine the applicable interest rate, the interest rate for the next succeeding Interest Rate Period will be the interest rate then borne by the Bonds. In no event, however, can the interest rate on the Bonds for any Interest Rate Mode exceed the Maximum Rate. See "THE BONDS -- Interest Rate Modes on Bonds" herein.

The Bonds initially will bear interest in the Weekly Interest Rate Mode. Commencing on June 3, 2002, the Borrower may elect, from time to time, to change Interest Rate Modes on the Bonds. The date upon which such change becomes effective is referred to as an "Interest Period Reset Date"

and can only occur on the first Business Day of a month (or the first day of a month when converting from a Six Month, One Year or Five Year Adjustable Interest Rate Mode) following the conclusion of the preceding Interest Rate Period (except when converting from the Weekly Interest Rate Mode).

See "THE BONDS -- Conversion Between Interest Rate Modes" herein. The Bonds or Beneficial Ownership Interests (as hereinafter defined) are subject to mandatory tender for purchase on the "Interest Period Reset Date" (the date on which the interest rate on the Bonds converts from the Interest Rate Mode applicable to the Bonds prior to such date to a new Interest Rate Mode and, generally, is the first Business Day of a month except when converting from a Six Month, One Year or Five Year Interest Rate Mode, in which case the first day of a month) upon a conversion between Interest Rate Modes, subject to the right of each registered owner of a Bond (a "Holder") or Beneficial Owner (as hereinafter defined) to affirmatively elect to retain its Bonds or Beneficial Ownership Interests. See "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Conversion Between Modes" herein.

Interest on the Bonds is payable monthly on the first Business Day of each month while the Bonds bear interest in the Weekly, One Month or Three Month Interest Rate Modes, and is payable semi-annually on January 1 and July 1 while the Bonds bear interest in the Six Month, One Year, Five Year or Fixed Interest Rate Modes (the "Interest Payment Date"). The first Interest Payment Date for the Bonds will be May 1, 2002. The chart below sets forth Interest Rate Adjustment Dates, Interest Rate Determination Dates and Interest Rate Periods for the Adjustable Interest Rate Modes:

INTEREST RATE MODE	INTEREST RATE ADJUSTMENT DATE	INTEREST RATE DETERMINATION DATE	INTEREST RATE PERIOD
Weekly	Thursday of each week	2:00 p.m. on Wednesday of each week, or the preceding Business Day if Wednesday is not a Business Day*	1 week commencing Thursday*
One Month	1st Business Day of each month	7th Business Day before the Interest Rate Adjustment Date	1 month commencing the first Business Day of the month
Three Month	1st Business Day of any month, and thereafter the first Business Day of January, April, July and October	10th Business Day before the Interest Rate Adjustment Date	3 months commencing the first Business Day of January, April, July and October**
Six Month	1st Business Day of any month, and thereafter January 1 or July 1	10th Business Day before the Interest Rate Adjustment Date	6 months commencing January 1 or July 1**
One Year	1st Business Day of any	10th Business Day	1 year commencing

INTEREST RATE MODE	INTEREST RATE ADJUSTMENT DATE	INTEREST RATE DETERMINATION DATE	INTEREST RATE PERIOD
	month, and thereafter January 1 or July 1 commencing the next Interest Rate Period	before the Interest Rate Adjustment Date	January 1 or July 1**
Five Year	1st Business Day of any month, and thereafter January 1 or July 1 commencing the next Interest Rate Period	10th Business Day before the Interest Rate Adjustment Date	5 years commencing January 1 or July 1**

* When converting from another Interest Rate Mode, the Interest Rate Determination Date for the Weekly Interest Rate Mode is 2:00 p.m. on the Business Day before the Interest Period Reset Date. The first Interest Rate Period would commence on the Interest Period Reset Date and run through the following Wednesday.

** The first Interest Rate Period may be less than the indicated period when converting from another Interest Rate Mode.

The Interest Rate Determination Date for the Fixed Interest Rate Mode is the tenth Business Day before the Interest Period Reset Date, which is the first Business Day of a month following the conclusion of the preceding Interest Rate Period and which is also the Interest Rate Adjustment Date. No further conversion to other Interest Rate Modes can be made after conversion to the Fixed Interest Rate Mode. See "THE BONDS -- Interest," "THE BONDS -- Interest Rate Modes on Bonds" and "THE BONDS -- Conversion Between Interest Rate Modes" herein.

Book-Entry Only System

The Bonds will be issued initially in book-entry only form, and the procedures set forth below are subject to the provisions of a Blanket Issuer Letter of Representations between the Bond Bank and The Depository Trust Company ("DTC"). While the Bonds are in book-entry only form, Bonds in the form of physical certificates shall be delivered only to DTC and, except as provided for herein, the Issuer and the Trustee will recognize and treat DTC as the holder of the Bonds for all purposes. See "THE BONDS -- Book-Entry Only System" herein.

Purchase of Bonds or Beneficial Ownership Interests Upon Demand of Holders or Beneficial Owners

While the Bonds bear interest in an Adjustable Interest Rate Mode, any Bond or any Beneficial Ownership Interests (in denominations of \$100,000 or integral multiples of \$5,000 in excess thereof, provided that the remaining portion to be held by the Holder or Beneficial Owner is \$100,000 or more in principal amount) will be purchased by the Trustee upon the demand of the Holder or Beneficial Owner at a purchase price equal to the principal amount plus, if the Bond bears interest in the Weekly Interest Rate Mode, accrued interest, if any, to the day preceding the date of purchase. In order to make such demand, the Holder or Beneficial Owner must give notice to the Trustee in writing or by telecopy, stating (a) the name and address of the Holder or Beneficial

Owner, (b) the principal amount, CUSIP number and Bond numbers of the Bonds or Beneficial Ownership Interests to be purchased, (c) that such Bonds or Beneficial Ownership Interests are to be purchased on the Bond Purchase Date, as defined below, pursuant to the terms of the Indenture, and (d) that such notice is irrevocable. The Beneficial Owner must provide the Trustee with evidence satisfactory to the Trustee of the Beneficial Owner's interest in the Beneficial Ownership Interest tendered for purchase. The Holder must deliver the Bonds to be purchased to the Trustee at its principal corporate trust office accompanied by fully completed and executed Instructions to Sell, the form of which is printed on the Bonds. The Beneficial Owner must cause a change in the records of DTC to reflect the tender of a Beneficial Ownership Interest. Any Bonds not so delivered after the Holder has made a demand for purchase nevertheless shall be deemed tendered. After a demand for purchase, Beneficial Owners shall be obligated to cause a change in the records of DTC to reflect a tender of such Beneficial Ownership Interests. Notwithstanding any tender, Bonds or Beneficial Ownership Interests (or the applicable portion thereof) tendered for purchase will not be purchased if they mature or are redeemed on or prior to the applicable Bond Purchase Date. Demand notices and Bond deliveries must be given and made as described as follows, with all references to local time meaning Indianapolis, Indiana time:

(a) While the Bonds bear interest in the Weekly Interest Rate Mode, the notice must be given no earlier than 15 days but no later than 7 days prior to the Bond Purchase Date. The Bond Purchase Date is determined by the Holder or Beneficial Owner and must be a Business Day and, if the Interest Rate Mode is to be converted from the Weekly Interest Rate Mode to another Interest Rate Mode, must be prior to the Interest Period Reset Date for such other Interest Rate Mode. The Bonds must be delivered to the Trustee not later than 10:00 a.m., local time, on the second Business Day before the Bond Purchase Date. The Beneficial Owner must cause the transfer of the Beneficial Owner's Beneficial Ownership Interest on the records of DTC by 10:00 a.m., local time, on the Bond Purchase Date. In the case of a Bond or Beneficial Ownership Interest or portion thereof to be purchased prior to an Interest Payment Date and after the Regular Record Date in respect thereof, if the Holder is other than a securities depository or its nominee, the Holder or Beneficial Owner shall deliver a due-bill check, in form satisfactory to the Trustee, for interest due on such Interest Payment Date.

(b) While the Bonds bear interest in the One Month Interest Rate Mode, the notice must be given no earlier than 15 days before the Bond Purchase Date but no later than 11:00 a.m., local time, on the 5th Business Day before the Bond Purchase Date. The Bond Purchase Date is the Interest Rate Adjustment Date for the One Month Interest Rate Mode. The Bonds must be delivered to the Trustee no later than 10:00 a.m., local time, on the fourth day before the Bond Purchase Date or the next preceding Business Day if such fourth day is not a Business Day. The Beneficial Owner must cause the transfer of the Beneficial Owner's Beneficial Ownership Interest on the records of DTC by 10:00 a.m., local time, on the Bond Purchase Date. See "THE BONDS -- Purchase of Bonds or Beneficial Ownership Interests on Demand of Holders or Beneficial Owners" herein.

(c) While the Bonds bear interest in an Adjustable Interest Rate Mode other than the Weekly Interest Rate Mode or the One Month Interest Rate Mode, the notice must be given no earlier than 15 days before the Bond Purchase Date but no later than 11:00 a.m., local time on the eighth Business Day before the Bond Purchase Date. The Bond Purchase Date is the Interest Rate Adjustment Date for that Adjustable Interest Rate Mode. The Bonds must be delivered to the Trustee

no later than 10:00 a.m., local time, on the 7th day before the Bond Purchase Date or the next preceding Business Day if such 7th day is not a Business Day. The Beneficial Owner must cause the transfer of the Beneficial Owner's Beneficial Ownership Interest on the records of DTC by 10:00 a.m., local time, on the Bond Purchase Date. See "THE BONDS -- Purchase of Bonds or Beneficial Ownership Interests on Demand of Holders or Beneficial Owners" herein.

Mandatory Tender Upon Conversion Between Modes

If at any time the Bond Bank, at the direction of the Qualified Entity, shall convert the interest rate on the Bonds to a different Interest Rate Mode, on the Interest Period Reset Date upon which such conversion is effective, all Bonds and Beneficial Ownership Interests shall be subject to mandatory tender by the Holders thereof for purchase on the Interest Period Reset Date (a "Bond Purchase Date") at a purchase price equal to the principal amount plus accrued interest, if any, of the Bonds to the Bond Purchase Date. See "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Conversion Between Modes" herein.

Mandatory Tender Upon Delivery of an Alternate Letter of Credit

If at any time while the Bonds bear interest at an Interest Rate Mode, the Qualified Entity shall provide for the delivery to the Trustee of an Alternate Letter of Credit, on a date selected by the Bond Bank, at the written direction of the Qualified Entity and with the consent of the Trustee as to such date, which date shall be the Replacement Date (as hereinafter defined) (a "Bond Purchase Date"), all Bonds and Beneficial Ownership Interests shall be subject to mandatory tender by the Holders or Beneficial Owners, as applicable, at a purchase price equal to the principal amount plus accrued interest, if any, of the Bonds to the Bond Purchase Date. See "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Delivery of an Alternate Letter of Credit" herein.

Mandatory Tender Upon Expiration of the Letter of Credit

The Bonds and Beneficial Ownership Interests shall be subject to mandatory tender by the holders thereof for purchase on the Interest Payment Date which next precedes the Letter of Credit Termination Date, as hereinafter defined (the "Mandatory Bond Purchase Date"), at a purchase price equal to the principal amount plus accrued interest, if any, of the Bonds to the Mandatory Bond Purchase Date unless, at least 45 days prior to such Mandatory Bond Purchase Date, (a) the Bank shall have agreed to an extension or further extension of the Letter of Credit Termination Date to a date not earlier than one year from the Letter of Credit Termination Date being extended, or (b) the Qualified Entity shall have obtained and delivered to the Trustee a letter of credit with a termination date not earlier than one year from the Letter of Credit Termination Date of the Letter of Credit being replaced.

Risks to Bondholders

The Bonds involve certain risks and prospective investors should read the material under "RISKS TO BONDHOLDERS" herein.

[End of Offering Memorandum Summary]

OFFERING MEMORANDUM
RELATING TO
THE ORIGINAL ISSUANCE OF

\$5,800,000

INDIANA BOND BANK
ADJUSTABLE RATE SPECIAL PROGRAM BONDS
SERIES 2002 B
(TRI-COUNTY CONSERVANCY DISTRICT PROJECT)

INTRODUCTORY STATEMENT

This Offering Memorandum, including the cover page, the Table of Contents page, the Offering Memorandum Summary and the Appendices, is provided to furnish information in connection with the original issuance and sale by the Indiana Bond Bank (the "Bond Bank") of \$5,800,000 Indiana Bond Bank Adjustable Rate Special Program Bonds, Series 2002 B (Tri-County Conservancy District Project) (the "Bonds"). The Bonds are being issued pursuant to a Trust Indenture dated as of April 1, 2002 (the "Indenture"), between the Bond Bank and Bank One Trust Company, National Association, as trustee (the "Trustee"). The Bonds will be dated as of and bear interest from the date of their initial delivery pursuant to the instructions of Huntington Capital Corp., as placement agent (the "Agent"). The Bonds will mature on January 1, 2025, and will be subject to redemption prior to maturity as described herein under "THE BONDS -- Redemption Prior to Maturity".

The proceeds received from the sale of the Bonds will be used to pay the costs of issuance of the Bonds and to purchase the Tri-County Conservancy District Works of Improvement Revenue Bonds, Series 2002 (the "Qualified Obligation"). The Bond Bank and the Tri-County Conservancy District, a special taxing district and political subdivision (the "Qualified Entity") will enter into a Purchase Agreement (the "Purchase Agreement") pursuant to which the Bond Bank will agree to purchase the Qualified Obligation, subject to the terms and conditions contained in such Purchase Agreement. These terms and conditions include an approving opinion of Bond Counsel, certification and guaranty of signature, and certifications as to no litigation challenging the validity or issuance of the Qualified Obligation pending as of the date of delivery of the Qualified Obligation. Subject to satisfaction of the terms and conditions of the Purchase Agreement, the Bond Bank will be prepared to purchase the Qualified Obligation promptly following the receipt of the proceeds of the Bonds by the Bond Bank. See "OPERATION OF THE PROGRAM" herein.

The proceeds from the sale of the Qualified Obligation will be utilized by the Qualified Entity for the purpose of providing for (i) the collection, treatment and disposal of sewage and other liquid waste, and the development of forest wildlife areas, parks and recreational facilities in connection with beneficial water management and providing a water supply, including treatment and distribution for domestic, industrial and public use, for the area comprising the Tri-County Conservancy District, (ii) the refunding of an outstanding obligation of the Qualified Entity, (iii) the payment of capitalized interest on the Qualified Obligation, and (iv) the payment of the costs of issuing the Qualified Obligation. See "APPLICATION OF PROCEEDS" herein.

The Bonds are limited obligations of the Bond Bank payable solely from the revenues pledged by the Indenture to secure such payment, which will include moneys drawn under the Letter of Credit described below. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. Those revenues will also include the payments required to be made by the Qualified Entity under the Qualified Obligation.

The principal of and interest on the Bonds will be payable from the proceeds of draws under a Letter of Credit (the "Letter of Credit") to be issued by The Huntington National Bank, Columbus, Ohio (the "Bank"). See "THE LETTER OF CREDIT" herein. The repayment of drawings under the Letter of Credit will be provided pursuant to an Amended and Restated Credit and Guaranty Agreement (the "Reimbursement Agreement") among the Bank, the Qualified Entity and Cedar Run Limited, Inc.

The Bonds are being offered solely on the basis of the Letter of Credit and the financial strength of the Bank. The Letter of Credit is being issued pursuant to the Reimbursement Agreement and the Bonds are subject to acceleration of maturity upon the occurrence of a default by the Qualified Entity under the Reimbursement Agreement, but such defaults are not fully described herein. As a result of the foregoing, prospective investors will not be able to evaluate the likelihood of a default by the Qualified Entity under the Reimbursement Agreement and resulting acceleration of the Bonds.

ANY PREMIUM PAYABLE ON THE BONDS UPON THEIR OPTIONAL REDEMPTION WHILE THEY BEAR INTEREST AT THE FIXED INTEREST RATE IS NOT SECURED BY THE LETTER OF CREDIT. SEE "THE BONDS -- REDEMPTION PRIOR TO MATURITY -- OPTIONAL REDEMPTION" HEREIN.

As long as the Bonds bear interest in any of the Adjustable Interest Rate Modes defined under "THE BONDS -- Interest" herein, the Bonds will be purchased by the Trustee upon demand by the registered owner thereof (initially, The Depository Trust Company, or its nominee) (the "Holder"), and beneficial ownership interests in Bonds ("Beneficial Ownership Interests") will be purchased by the Trustee upon the demand of the owners thereof ("Beneficial Owners"). Any such purchase will be made on the applicable Bond Purchase Date, as defined herein under "THE BONDS -- Purchase of Bonds or Beneficial Ownership Interests on Demand of Holders or Beneficial Owners." The Beneficial Owner must provide satisfactory evidence to the Trustee of such Beneficial Owner's Beneficial Ownership Interest and must comply with the remaining requirements of the Indenture applicable to the tender of Beneficial Ownership Interests. See "THE BONDS -- Purchase of Bonds

or Beneficial Ownership Interests on Demand of Holders or Beneficial Owners" herein. The Indenture provides for the remarketing by the Remarketing Agent, initially, Huntington Capital Corp. (the "Remarketing Agent"), of the Bonds or Beneficial Ownership Interests tendered by the Holders or Beneficial Owners thereof. If the proceeds of remarketing are not sufficient to purchase the Bonds or Beneficial Ownership Interests tendered for purchase, the Trustee is required to draw on the Letter of Credit to pay the necessary purchase price.

The Bond Bank, upon the written request of the Qualified Entity and the written consent of the Bank, may convert the Bonds to a different Adjustable Interest Rate Mode or to a Fixed Interest Rate Mode as of a specified date (the "Interest Period Reset Date"). The Bonds or Beneficial Ownership Interests are subject to mandatory tender by the Holders or Beneficial Owners thereof for purchase on any such Interest Period Reset Date from proceeds of remarketing or from proceeds of a drawing on the Letter of Credit, subject to the right of each Holder or Beneficial Owner to affirmatively elect to retain its Bonds or Beneficial Ownership Interests. See "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests upon Conversion Between Modes" herein.

The Qualified Entity may provide for the delivery of an Alternate Letter of Credit (as hereinafter defined) to the Trustee. The Bonds or Beneficial Ownership Interests are subject to mandatory tender by the Holders or Beneficial Owners thereof for purchase upon the delivery of an Alternate Letter of Credit to the Trustee, subject to the right of each Holder or Beneficial Owner to affirmatively elect to retain its Bonds or Beneficial Ownership Interests. See "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Delivery of an Alternate Letter of Credit" herein.

On the Interest Payment Date next preceding the expiration date of the Letter of Credit or any Alternate Letter of Credit, the Bonds or Beneficial Ownership Interests are subject to mandatory tender for purchase from the Holders or Beneficial Owners thereof unless, at least 45 days prior to such Interest Payment Date, (a) the Bank shall have agreed to an extension of the expiration date of the Letter of Credit or such Alternate Letter of Credit to a date not earlier than one year from the expiration date of the Letter of Credit or such Alternate Letter of Credit or (b) the Qualified Entity shall have obtained an Alternate Letter of Credit with a termination date not earlier than one year from the termination date of the letter of credit it replaces. The mandatory tender for purchase of Bonds or Beneficial Ownership Interests upon expiration of the Letter of Credit or any Alternate Letter of Credit may not be waived by the Holders or Beneficial Owners of such Bonds or Beneficial Ownership Interests. See "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Expiration of the Letter of Credit or Alternate Letter of Credit" herein.

Herein follow brief descriptions of the Bond Bank and the Bonds, together with summaries of the Letter of Credit, the Reimbursement Agreement, and the Indenture. Information regarding the Bank is included in the Appendix A hereto. The descriptions and summaries of the Letter of Credit, the Reimbursement Agreement, the Indenture and other documents contained herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to those documents, and all references to Bonds are qualified in their entirety by the definitive form thereof included in the Indenture. Copies of such documents will be available at the offices of the Agent, until the issuance and delivery of the Bonds, and thereafter at the corporate trust office of the Trustee,

presently Bank One Trust Company, National Association, 111 Monument Circle, Suite IN1-0152, Indianapolis, Indiana 46277-0152.

THE INDIANA BOND BANK AND THE PROGRAM

The Bond Bank was created in 1984, and is organized and existing under and by virtue of the Act as a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power.

Powers Under the Act

Under the Act, the Bond Bank has a perpetual existence and is granted all powers necessary, convenient or appropriate to carry out its public and corporate purposes including, without limitation, the power to do the following:

(a) Make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Bond Bank or pertaining to a loan to or a lease or an agreement with a qualified entity, a purchase, acquisition or a sale of qualified obligations or other investments or the performance of its duties and execution of its powers under the Act;

(b) Purchase, acquire and hold qualified obligations or other investments for the Bond Bank's own account or for a qualified entity at such prices and in a manner as the Bond Bank considers advisable, and sell or otherwise dispose of the qualified obligations or investments at prices without relation to the cost and in a manner the Bond Bank considers advisable;

(c) Fix and establish terms and provisions upon which a purchase or loan will be made by the Bond Bank;

(d) Prescribe the form of application or procedure required of a qualified entity for a purchase or loan and enter into agreements with qualified entities with respect to each purchase or loan;

(e) Render and charge for services to a qualified entity in connection with a public or private sale of any qualified obligation, including advisory and other services;

(f) Charge a qualified entity for costs and services in review or consideration of a proposed purchase, regardless of whether a qualified obligation is purchased, and fix, revise from time to time, charge and collect other program expenses properly attributable to qualified entities;

(g) Except as limited by the indenture or other agreements with the owners of bonds or notes of the Bond Bank, consent to modification of the rate of interest, time and payment of installments of principal or interest, security or any other term of a bond, note, contract or agreement of any kind to which the Bond Bank is a party;

(h) Appoint and employ general or special counsel, accountants, financial advisors or experts, and all such other or different officers, agents and employees as it requires;

(i) In connection with any purchase, consider the need for and desirability or eligibility of the qualified obligation to be purchased, the ability of the qualified entity to secure financing from other sources, the costs of such financing and the particular public improvement or purpose to be financed or refinanced with the proceeds of the qualified obligation to be purchased by the Bond Bank;

(j) Temporarily invest moneys available until used for making purchases, in accordance with the indenture or any other instrument authorizing the issuance of bonds or notes; and

(k) Issue bonds or notes of the Bond Bank in accordance with the Act bearing fixed or variable rates of interest in aggregate principal amounts considered necessary by the Bond Bank to provide funds for any purposes under the Act; provided, that the total amount of bonds or notes of the Bond Bank outstanding at any one time may not exceed any aggregate limit imposed by the Act, currently fixed at \$1,000,000,000. Such aggregate limit of \$1,000,000,000 does not apply to (i) bonds or notes issued to fund or refund bonds or notes of the Bond Bank; (ii) bonds or notes issued for the purpose of purchasing an agreement executed by a qualified entity under Indiana Code 21-1-5; (iii) bonds, notes, or other obligations not secured by a reserve fund under Indiana Code 5-1.5-5; and (iv) bonds, notes, or other obligations if funds and investments, and the anticipated earned interest on those funds and investments, are irrevocably set aside in amounts sufficient to pay the principal, interest, and premium on the bonds, notes, or obligations at their respective maturities or on the date or dates fixed for redemption.

Under the Act, the Bond Bank may not do any of the following:

(a) Lend money other than to a qualified entity;

(b) Purchase a security other than a qualified obligation to which a qualified entity is a party as issuer, borrower or lessee, or make investments other than as permitted by the Act;

(c) Deal in securities within the meaning of or subject to any securities law, securities exchange law or securities dealers law of the United States, the State or any other state or jurisdiction, domestic or foreign, except as authorized by the Act;

(d) Emit bills of credit or accept deposits of money for time or demand deposit, administer trusts or engage in any form or manner in the conduct of any private or commercial banking business, or act as a savings bank, savings and loan association or any other kind of financial institution; or

(e) Engage in any form of private or commercial banking business.

Organization and Membership of the Bond Bank

The membership of the Bond Bank consists of seven Directors: the Treasurer of State, serving as Chairman Ex Officio, the Director of the State Department of Financial Institutions, appointed by the Governor and serving as Director Ex Officio, and five Directors appointed by the Governor of the State. Each of the five Directors appointed by the Governor must be a resident of the State and must have substantial expertise in the buying, selling and trading of municipal securities or in municipal administration or public facilities management. Each such Director will serve for a three-year term as set forth below and until a successor is appointed and qualified. Each such Director is also eligible for reappointment and may be removed for cause by the Governor. Any vacancy on the Board is filled by appointment of the Governor for the unexpired term only.

The Directors elect one Director to serve as Vice Chairman. The Directors also appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer. The powers of the Bond Bank are vested in the Board of Directors, any four of whom constitute a quorum. Action may be taken at any meeting of the Board by the affirmative vote of at least four Directors. A vacancy on the Board does not impair the right of a quorum to exercise the powers and perform the duties of the Board of Directors of the Bond Bank.

Directors

The following persons, including those persons with the particular types of experience required by the Act, comprise the present Board of Directors of the Bond Bank:

Tim Berry. Treasurer of the State of Indiana, February 10, 1999-present, and Chairman Ex Officio. Residence: Indianapolis, Indiana, Member, Indiana State Board of Finance; Vice Chairman, Indiana Housing Finance Authority; Secretary-Investment Manager, Indiana Board for Depositories; Member, Governing Board of the Indiana Department of Revenue; Treasurer, Indiana State Office Building Commission; Treasurer, Indiana Recreational Development Commission; Trustee, Indiana State Police Pension Fund; Board Member, Indiana Transportation Finance Authority; Allen County, Indiana Treasurer 1990-February, 1999.

Clark H. Byrum. Vice-Chairman; term expires July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and President, The Key Corporation, Indianapolis, Indiana, 1977 to present; Chairman of the Board, American State Bank of Lawrenceburg, Aurora and Greendale, Indiana, 1990 to present; Board Member, NCB Corporation and Norcen Bank, 1986 to present; Member, American Bankers Association; Member, Indiana Bankers Association; Member, National Association of Life Underwriters.

Charles W. Phillips. Director of the Indiana Department of Financial Institutions, 1989 to present, and Director Ex Officio, serving at the pleasure of the Governor. Residence: New Albany, Indiana. Director Ex Officio, Indiana Housing Finance Authority; President, Floyd County Bank, New Albany, Indiana, 1962-1985; Former Examiner, Federal Deposit Insurance Corporation.

Russell Breeden, III. Director; term expires July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and CEO, Community First Financial Group, Inc., 1993 to present. Director, English State Bank, 1993 to present; Chairman, Peoples Trust Bank Company, 1994 to present;

Chairman, Peninsula Banking Group, 1995 to present; Chairman, Bay Cities National Bank, 1995 to present; Director and President, Bettenhausen Motorsports, Inc. 1988 to present.

Marni McKinney. Director, term expires July 1, 2004. Residence: Indianapolis, Indiana. Chairman, First Indiana Bank, April, 1998 to present; Vice Chairman and Chief Executive Officer, First Indiana Corporation, April, 1989 to present; Member, Young Presidents Organization; Member, American Bankers Association.

Morris H. Mills. Director, term expires July 1, 2003. Residence: Ladoga, Indiana. Partner, Mills Bros. Farms; Member, Indiana State Senate, 1972-2000; Member, Indiana State House of Representatives, 1968-1972; Director and Officer, Maplehurst Group, 1954-1996.

C. Kurt Zorn. Director; term expires July 1, 2003. Residence: Bloomington, Indiana. Associate Dean for Academic Affairs, School of Public and Environmental Affairs, Indiana University, July, 2001-present; Professor of Public and Environmental Affairs, Indiana University, 1994 to Present; Chairman, State Board of Tax Commissioners, January 1991-August 1994; Associate Professor, School of Public and Environmental Affairs, Indiana University, 1987-1994 (on leave 1989-1992); Member, American Economic Association; Member, National Tax Association; Member, Governmental Finance Officers Association.

The Directors are authorized to appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer of the Board of Directors. Dan Hugel was appointed Executive Director of the Indiana Bond Bank on October 9, 2001. Mr. Hugel previously served as the Deputy Director of the Indianapolis Local Public Improvement Bond Bank for over three years. Mr. Hugel has over 14 years of corporate accounting and managerial experience. He is a Certified Public Accountant and holds a B.S. from Purdue University.

* Under the Act, Directors serve until reappointed or until a successor has been appointed and qualified.

OPERATION OF THE PROGRAM

The purpose of the Bond Bank is to address the financing needs of a broad array of qualified entities in accordance with the Act. Consequently, the Bond Bank has encouraged qualified entities throughout the State to participate in its programs. Each qualified entity seeking to participate is required to complete an application containing certain information concerning the qualified entity and nature of its qualified obligations. The Directors of the Bond Bank, in consultation with the Executive Director and financial advisors appointed by the Bond Bank, have reviewed, discussed and approved the application of the Qualified Entity. The Bond Bank has determined to purchase the Qualified Obligation of the Qualified Entity out of the proceeds of the Bonds.

The Act provides that all qualified obligations, upon delivery to the Bond Bank, must be accompanied by all documentation required by the Board of Directors of the Bond Bank, including an approving opinion of Bond Counsel, certification and guarantee of signature, and certifications to

no litigation challenging the validity or issuance of such qualified obligations pending as of the date of delivery of the qualified obligations. The Bond Bank will be prepared to purchase the Qualified Obligation with the proceeds of the Bonds pursuant to the Purchase Agreement promptly after the receipt of such proceeds by the Bond Bank. However, under the Indenture, the Purchase Agreement and the policies of the Bond Bank, such purchase is subject to the receipt by the Trustee of each of the following:

(a) a written requisition of the Bond Bank signed by an authorized officer stating to whom payment is to be made and the amount to be paid;

(b) a certificate signed by an authorized officer of the Bond Bank, attached to the requisition and certifying that the Qualified Entity, pursuant to the Purchase Agreement, has sold or is expected to sell such Qualified Obligation to the Bond Bank and is obligated to make Qualified Obligation Payments (as defined in the Indenture) and to pay all fees and charges, including Program Expenses (as defined in the Indenture), required to be paid to the Bond Bank under the Indenture, and that to the knowledge of such authorized officer, such Qualified Entity is not in default under the payment terms or other material terms or provisions of any other obligations of that Qualified Entity;

(c) a certification and guarantee of signatures with respect to the Qualified Obligation and certification as to no litigation pending as of the date of delivery of the Qualified Obligation challenging the validity or issuance of the Qualified Obligation and a commitment by the Qualified Entity to provide to the Trustee and the Bond Bank a certified transcript of proceedings authorizing the issuance, execution and delivery of the Qualified Obligation and such other certifications, representations and opinions as are required by I.C. 5-1.5-8-2 and such other certifications, representations and opinions which are reasonable and appropriate as determined by the Bond Bank or the Trustee;

(d) an Opinion of Bond Counsel in form satisfactory to the Bond Bank stating that such Qualified Obligation constitutes a valid and binding obligation enforceable in accordance with its terms, and bears interest that is excludable from gross income for federal income tax purposes under Section 103 of the Code, subject to such limitations customarily contained in such opinions;

(e) the Qualified Obligation, registered as to both principal and interest to the Bond Bank and delivered in accordance with the Act;

(f) a signed Purchase Agreement from the Qualified Entity; and

(g) a certificate from the Qualified Entity stating that either (i) the Qualified Entity is exempt from the rebate requirements of Section 148 of the Code, or (ii) the Qualified Entity is subject to the rebate requirement of Section 148 of the Code and will comply with such provisions, or (iii) if the Qualified Entity intends to meet an exception from rebate contained in Section 148(f)(4)(C) of the Code, whether or not it elects on or before the closing date to pay a penalty in lieu of rebate if such provisions are not met.

THE BONDS

General

The Bonds will be issued as fully registered Bonds without coupons and will be dated as of and bear interest from the date of their initial delivery. The Bonds will mature on January 1, 2025, and are subject to mandatory and optional redemption prior to maturity as described under "THE BONDS -- Redemption Prior to Maturity" herein. A DEFAULT BY THE QUALIFIED ENTITY UNDER THE REIMBURSEMENT AGREEMENT COULD CONSTITUTE AN EVENT OF DEFAULT UNDER THE INDENTURE AND RESULT IN THE ACCELERATION OF THE BONDS PRIOR TO THEIR MATURITY. The Bonds are issuable in denominations of \$100,000 and increments of \$5,000 in excess thereof.

The Bonds will be issued initially solely in book-entry form. See "THE BONDS -- Book-Entry Only System" herein.

In the event that the Bonds are no longer held in a book-entry only system, the principal of and redemption premium (if any) on the Bonds will be payable at the principal corporate trust office of, or at the office designated by, the Trustee, as Paying Agent, as defined in the Indenture, and payments of interest due on each Bond will be made by check or draft mailed on each Interest Payment Date described below to the Holder of that Bond as of the close of business on the fifth Business Day preceding an Interest Payment Date (the "Regular Record Date") at such Holder's address as it appears on the registration books maintained by the Trustee, as Registrar. The term "Business Day" means a day of the year, other than a Saturday or Sunday, on which commercial banks, located in the cities in which the principal corporate trust office of the Trustee and the principal offices of the Bank and the Remarketing Agent are located, are not required or authorized to remain closed and on which The New York Stock Exchange is not closed. In the event of a default in the payment of interest on any Bond when due, the Trustee may establish a Special Record Date with respect to that payment of interest when money becomes available for such payment.

Any act required to be done by a certain time is to be done as of Indianapolis, Indiana time.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing Corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest to Cede & Co. (or such other name as requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates

are required to be printed and delivered.

The Bond Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

Interest

The Bonds will bear interest in one of several different Adjustable Interest Rate Modes: Weekly, One Month, Three Month, Six Month, One Year or Five Year (the "Adjustable Interest Rate Modes") or at a Fixed Interest Rate in the Fixed Interest Rate Mode. (The Adjustable Interest Rate Modes and the Fixed Interest Rate Mode are referred to as "Interest Rate Modes"). The Interest Rate Modes are described below under "THE BONDS -- Interest Rate Modes on Bonds". The Bond Bank (at the written request of the Qualified Entity and with the written consent of the Bank) may elect to convert the Interest Rate Mode on the Bonds, from time to time, as described under "THE BONDS -- Conversion Between Interest Rate Modes" below.

While Bonds bear interest in one of the Adjustable Interest Rate Modes they bear interest in such mode for a period of time generally corresponding to the title of that Adjustable Interest Rate Mode (the "Interest Rate Period") at a rate determined by the Remarketing Agent. The Remarketing Agent determines the interest rate for a particular Interest Rate Period on the Interest Rate Determination Date for such Interest Rate Period. The Interest Rate Periods and Interest Rate Determination Dates for each Adjustable Interest Rate Mode are described herein under "THE BONDS -- Interest Rate Modes on Bonds."

The Bonds shall bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or provided for, from their date of initial delivery.

The Interest Payment Dates for the Bonds will be (a) the first Business Day of each month for any periods that Bonds bear interest at the Weekly Interest Rate, the One Month Interest Rate or the Three Month Interest Rate or (b) the first day of each January and July for any periods that Bonds bear interest at the Six Month Interest Rate, the One Year Interest Rate, the Five Year Interest Rate or the Fixed Interest Rate.

While Bonds bear interest in the Weekly, the One Month or the Three Month Interest Rate Mode, such interest shall be calculated on the basis of a 365/366 day year for the number of days actually elapsed. While Bonds bear interest in the Six Month, One Year, Five Year or Fixed Interest Rate Mode, such interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months. Interest shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Payment Date and to and including the day immediately preceding such payment date. Any calculation of the interest rate to be borne by the Bonds shall be

rounded to the nearest one-hundredth of one percent.

The Bonds will bear interest initially at the Weekly Interest Rate. The first Interest Payment Date on the Bonds will be the first Business Day of May, 2002.

From the date of initial delivery through April 17, 2002, the interest rate on the Bonds shall be the rate per annum initially determined by the Agent. Thereafter, the Bonds shall bear interest at the Weekly Interest Rate as determined by the Remarketing Agent on each Interest Rate Determination Date, unless and until there has occurred a change to a different Interest Rate Mode on an applicable Interest Period Reset Date (defined under "THE BONDS -- Conversion Between Interest Rate Modes" herein).

Interest Rate Modes on Bonds

While the Bonds bear interest in one of the Adjustable Interest Rate Modes, the interest rate for a particular Interest Rate Period is determined by the Remarketing Agent on the Interest Rate Determination Date. Such interest rate is effective on the Interest Rate Adjustment Date, for the succeeding Interest Rate Period.

The interest rate determined on the Interest Rate Determination Date is to be that rate of interest per annum which the Remarketing Agent determines to be the lowest interest rate, for the Interest Rate Period commencing on the next Interest Rate Adjustment Date, in the judgment of the Remarketing Agent (taking into consideration current transactions and comparable securities with which the Remarketing Agent is involved or of which it is aware and prevailing financial market conditions) that would enable the Bonds to be remarketed at par, plus accrued interest (if any), on the Interest Rate Adjustment Date for that Interest Rate Period. In the event that the Remarketing Agent has been removed or has resigned and no successor has been appointed or the Remarketing Agent has failed to determine the appropriate interest rate on the Interest Rate Determination Date for whatever reason, or the appropriate interest rate cannot be determined for whatever reason, the interest rate then in effect with respect to the Bonds, without adjustment, will continue for the next Interest Rate Period. In no event, however, may any interest rate on the Bonds exceed 10% per annum.

On the Interest Rate Determination Date, the Remarketing Agent will give the Trustee notice of the interest rate to be borne by the Bonds for the following Interest Rate Period. After any Interest Rate Determination Date any Holder or Beneficial Owner may contact the Trustee (317/756-1302) or the Remarketing Agent (614/480-5468) in order to be advised of the applicable interest rate. No notice of the applicable interest rate will be sent to the Holders or Beneficial Owners.

The determination of any interest rate by the Remarketing Agent is binding and conclusive upon the Bond Bank, the Qualified Entity, the Bank, the Beneficial Owners and the Holders of the Bonds.

The Interest Rate Modes and their Interest Rate Determination Dates, Interest Rate Adjustment

Dates and Interest Rate Periods are as follows:

(a) Weekly Interest Rate. In the Weekly Interest Rate Mode, the Interest Rate Period is a period of one week commencing on Thursday. The Interest Rate Determination Date in the Weekly Interest Rate Mode is not later than 2:00 p.m. (Indianapolis, Indiana time) on Wednesday of each week, or the next preceding Business Day if Wednesday is not a Business Day. The Interest Rate Adjustment Date for the Weekly Interest Rate Mode is Thursday of each week. (In the event of a conversion to the Weekly Interest Rate Mode from a different Interest Rate Mode, the first Interest Rate Period may be less than one week. Such first Interest Rate Period commences on the Interest Period Reset Date, which must be the first Business Day of a month (or the first day of a month upon conversion from a Six Month, One Year or Five Year Interest Rate Mode) and ends on the next succeeding Wednesday. In such event, the Interest Rate Determination Date is not later than 2:00 p.m. (Indianapolis, Indiana time) on the Business Day preceding the Interest Period Reset Date. In the event of a conversion from the Weekly Interest Rate Mode to a different Interest Rate Mode, the last Interest Rate Period may be less than one week as a result of such last Interest Rate Period ending on the day preceding the first Business Day or the first day of a month.)

(b) One Month Interest Rate. In the One Month Interest Rate Mode, the Interest Rate Adjustment Date is the first Business Day of the month and the Interest Rate Period is one month commencing on the first Business Day of the month to and including the day preceding the first Business Day of the next month. The Interest Rate Determination Date is the seventh Business Day preceding the first Business Day of the month.

(c) Three Month Interest Rate. In the Three Month Interest Rate Mode, the Interest Rate Adjustment Date is the first Business Day of each January, April, July and October and the Interest Rate Period commences on the Interest Rate Adjustment Date and continues up to and including the day preceding the next Interest Rate Adjustment Date. The Interest Rate Determination Date is the tenth Business Day preceding the Interest Rate Adjustment Date. (In the event of a conversion from another Interest Rate Mode to the Three Month Interest Rate Mode, the first Interest Rate Adjustment Date would be the Interest Period Reset Date for the Three Month Interest Rate Mode, which may be the first Business Day or the first day of any month. Accordingly, the first Interest Rate Period may be shorter than a full three months.)

(d) Six Month Interest Rate. In the Six Month Interest Rate Mode, the Interest Rate Adjustment Dates are January 1 and July 1 and the Interest Rate Period commences on the Interest Rate Adjustment Date and continues up to and including the day preceding the next Interest Rate Adjustment Date. The Interest Rate Determination Date is the tenth Business Day preceding the Interest Rate Adjustment Date. (In the event of a conversion from another Interest Rate Mode to the Six Month Interest Rate Mode, the first Interest Rate Adjustment Date is the Interest Period Reset Date for the Six Month Interest Rate Mode, which may be the first Business Day or the first day of any month. Accordingly, the first Interest Rate Period may be shorter than a full six months.)

(e) One Year Interest Rate. In the One Year Interest Rate Mode, the Interest Rate Adjustment Date is either January 1 or July 1 and the Interest Rate Period is a one year period commencing on the appropriate Interest Rate Adjustment Date and ending on either June 30 or

December 31. The Interest Rate Determination Date is the tenth Business Day preceding the Interest Rate Adjustment Date. (In the event of a conversion from another Interest Rate Mode to the One Year Interest Rate Mode, the first Interest Rate Adjustment Date would be the Interest Period Reset Date for the One Year Interest Rate Mode, which may be the first Business Day or the first day of any month. Accordingly, the first Interest Rate Period may be shorter than one full year).

(f) Five Year Interest Rate. In the Five Year Interest Rate Mode, the Interest Rate Adjustment Date is either January 1 or July 1 and the Interest Rate Period is a five year period commencing on the appropriate Interest Rate Adjustment Date and ending on either June 30 or December 31. The Interest Rate Determination Date is the tenth Business Day preceding the Interest Rate Adjustment Date. (In the event of a conversion to the Five Year Interest Rate Mode from another Interest Rate Mode, the first Interest Rate Adjustment Date would be the Interest Period Reset Date for the Five Year Interest Rate Mode, which may be the first Business Day or the first day of any month. Accordingly, the first Interest Rate Period may be shorter than five full years.)

(g) Fixed Interest Rate. In the Fixed Interest Rate Mode, there is only one Interest Rate Adjustment Date and that is the Interest Period Reset Date upon which such Interest Rate Mode commences. The Interest Rate Period commences on such Interest Rate Adjustment Date and continues to the final maturity of the Bonds. The Interest Rate Determination Date is the tenth Business Day preceding the Interest Rate Adjustment Date.

Conversion Between Interest Rate Modes

The Interest Rate Mode on the Bonds may be changed as of an Interest Period Reset Date in the manner described below. "Interest Period Reset Date" means the date on which the interest rate on the Bonds converts from one Interest Rate Mode to a new Interest Rate Mode. An Interest Period Reset Date must be the first Business Day of a month; provided that, upon conversion from a Six Month, One Year or Five Year Interest Rate Mode, an Interest Period Reset Date shall be the first day of a month; and provided further that, except when converting from a Weekly Interest Rate Mode, an Interest Period Reset Date may not occur prior to the end of the preceding Interest Rate Period.

Subject to the prior written consent of the Bank, on the first Business Day of June, 2002, and on any Interest Period Reset Date thereafter, the Interest Rate Mode on the Bonds may be converted to a different Interest Rate Mode upon receipt by the Trustee and the Remarketing Agent of a written direction from the Bond Bank, given on behalf of the Qualified Entity, not less than 45 days prior to such Interest Period Reset Date, to convert the interest rate on the Bonds to an Interest Rate Mode other than the Interest Rate Mode then in effect. Except when converting from the Weekly Interest Rate Mode, no Interest Period Reset Date shall be earlier than the day after the end of the Interest Rate Period for the Interest Rate Mode in effect on the date of such direction from the Bond Bank. Such direction to convert the interest rate on the Bonds to a different Interest Rate Mode shall be accompanied by (a) an opinion of nationally recognized bond counsel ("Bond Counsel") stating that the conversion to the specified Interest Rate Mode will not adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes, (b) a written certificate of the Remarketing Agent stating that the interest coverage period provided by the Letter of Credit is

appropriate for the Interest Rate Mode directed to be in effect and that the termination date of the Letter of Credit is no earlier than fifteen days after the end of the new Interest Rate Period, or, if the conversion is to the Fixed Interest Rate, that the termination date of the Letter of Credit is no earlier than 15 days after the First Optional Redemption Date, and (c) a written certificate of the Remarketing Agent stating that it has received certifications, opinions or other evidence satisfactory to it that there has been or will be compliance with any applicable state or federal securities law requirements. If the Bonds bear interest at the Weekly Interest Rate, the One Month Interest Rate or the Three Month Interest Rate, the interest coverage period for the Letter of Credit must be at least 45 days of interest at the maximum interest rate of 10% per annum (the "Maximum Rate"). If the Bonds bear interest at the Six Month Interest Rate, the One Year Interest Rate, the Five Year Interest Rate or the Fixed Interest Rate, then the interest coverage period for the Letter of Credit must be at least 195 days of interest at the Maximum Rate. The Qualified Entity shall be required to provide a Letter of Credit or an Alternate Letter of Credit which will provide the appropriate interest coverage. Notwithstanding any provision described in this paragraph, no conversion shall be effective (i) if the Bonds after the conversion would bear interest at a One Year Interest Rate, Five Year Interest Rate or Fixed Interest Rate and the Qualified Entity makes an election on or prior to the day immediately succeeding any Interest Rate Determination Date not to convert to a different Interest Rate Mode or (ii) the Trustee has not received on the effective date of such conversion an opinion of Bond Counsel to the same effect as described in clause (a) above. In either such event, the Interest Rate Mode for the Bonds will remain as the Interest Rate Mode then in effect for the Bonds without regard to any proposed conversion. The Bonds and Beneficial Ownership Interests will continue to be subject to tender for purchase on the scheduled effective date of the proposed conversion without regard to the failure of such proposed conversion. If the Trustee shall have sent any notice to Holders or Beneficial Owners regarding the proposed conversion, then in the event of a failure of such conversion as specified above, the Trustee shall promptly notify all Holders or Beneficial Owners of such failure, of the reason for such failure, and of the continuation of the Interest Rate Mode then in effect.

If the Interest Rate Mode on the Bonds is converted to a different Interest Rate Mode, at least 30 days prior to the Interest Period Reset Date, the Trustee shall confirm, by first class mail to all Holders, that on such Interest Period Reset Date the Bonds shall be converted to a different Interest Rate Mode, which Interest Rate Mode shall be specified, and that all Bonds or Beneficial Ownership Interests shall be subject to mandatory tender, subject to the right of Holders or Beneficial Owners to affirmatively elect to waive the mandatory tender and retain their Bonds or Beneficial Ownership Interests. See "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Conversion Between Modes" herein. Except as otherwise described herein, so long as the Bonds are held by DTC or its nominee, Cede & Co., in book-entry only form, the Trustee will recognize and treat DTC or its nominee, Cede & Co., as the Holder of Bonds for all purposes under the Indenture. See "THE BONDS -- Book-Entry Only System" herein. Consequently, the foregoing notices of conversion will be sent by the Trustee only to DTC or its nominee and any corresponding notice to the Beneficial Owners will be the responsibility of DTC and the applicable Direct Participant or Indirect Participant.

The Bond Bank may elect to convert between Interest Rate Modes with respect to the Bonds from time to time, as described above. If the Bond Bank, however, elects to convert the Bonds to a

Fixed Interest Rate Mode, no further conversions between Interest Rate Modes may be made with respect to the Bonds.

Mutilated, Lost, Wrongfully Taken or Destroyed Bonds

If a Bond is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the Bond Bank and Registrar that such Bond has been acquired by a bona fide purchaser, the Registrar shall authenticate a new Bond. Any mutilated Bond shall be surrendered to the Registrar, and in the case of any lost, wrongfully taken or destroyed Bond, there shall be first furnished to the Bond Bank and the Registrar evidence of such loss, wrongful taking or destruction satisfactory to the Bond Bank and the Registrar, together with indemnity to the Bond Bank, the Trustee, the Registrar and the Bank satisfactory to each of them. In the event any such lost, wrongfully taken or destroyed Bond shall have matured, instead of issuing a new Bond, the Authorized Officer (as defined in the Indenture) of the Bond Bank may direct the Trustee to pay the same without surrender thereof upon the furnishing of the satisfactory evidence and indemnity as in the case of issuance of a new Bond. The Bond Bank, the Registrar and the Trustee may charge the Holder of such Bond their reasonable fees and expenses in connection therewith.

Redemption Prior to Maturity

The Bonds are callable for redemption in the circumstances and in the manner described below under "THE BONDS -- Redemption Prior to Maturity -- Optional Redemption," "THE BONDS -- Redemption Prior to Maturity -- Mandatory Sinking Fund Redemption" and "THE BONDS -- Redemption Prior to Maturity -- Mandatory Redemption Upon a Determination of Taxability."

Optional Redemption. Upon the election of the Bond Bank (at the written direction of the Qualified Entity), the Bonds are subject to redemption by the Bond Bank, but only while the Bonds bear interest at an Adjustable Rate, in whole or in part (in integral multiples of \$5,000, provided that the unredeemed portion of any Bond redeemed in part shall be \$100,000 or more) on any Interest Rate Adjustment Date at a redemption price of 100% of the principal amount redeemed, plus interest accrued thereon to the redemption date, but without any premium.

If the Bonds bear interest at the Fixed Interest Rate, upon the election of the Bond Bank (at the written direction of the Qualified Entity), the Bonds are subject to redemption by the Bond Bank in whole or in part (in integral multiples of \$5,000, provided that the unredeemed portion of any Bond redeemed in part shall be \$100,000 or more) at any time on or after the First Optional Redemption Date, as defined below, at redemption prices described below (as a percentage of principal to be redeemed) plus accrued interest to the date of redemption:

<u>Redemption Dates Occurring During Following Periods</u>	<u>Optional Redemption Price</u>
First Optional Redemption Date, through the following last day of December	103%
First Anniversary of the First Optional	

Redemption Date, through the following last day of December	102%
Second Anniversary of the First Optional Redemption Date, through the following last day of December	101%
Third Anniversary of the First Optional Redemption Date and thereafter	100%

"First Optional Redemption Date" means the January 1 occurring in the year which is a number of years after the Fixed Interest Rate Commencement Date equal to the number of full years between the Fixed Interest Rate Commencement Date and the maturity date of the Bonds, multiplied by one-half and rounded up to the nearest whole number.

Any portion of any redemption price in excess of 100% of the principal amount redeemed plus accrued interest is not payable from a draw on the Letter of Credit.

Mandatory Sinking Fund Redemption. In the event the Bonds bear interest at the Five Year Interest Rate or the Fixed Interest Rate, the Bonds shall be subject to mandatory redemption pursuant to mandatory sinking fund requirements, at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date, on each January 1, commencing on the January 1 immediately succeeding the conversion to the Five Year Interest Rate or the Fixed Interest Rate, in the principal amounts set forth in Section 2.c to the Reimbursement Agreement as that section was in effect 225 days prior to the conversion.

The Bond Bank, or the Qualified Entity on behalf of the Bond Bank, shall have the option to deliver to the Registrar for cancellation Bonds in any aggregate principal amount and to receive a credit against the then current mandatory sinking fund requirement (and corresponding mandatory redemption obligation) of the Bond Bank as set forth in the Section of the Reimbursement Agreement referenced above for any Bonds. That option shall be exercised by the Bond Bank, or the Qualified Entity on behalf of the Bond Bank, on or before the 45th day preceding the applicable mandatory sinking fund redemption date, by furnishing the Trustee a certificate, executed by an authorized officer of the Bond Bank or the authorized officer of the Qualified Entity, as the case may be, setting forth the extent of the credit to be applied with respect to the then current mandatory sinking fund requirements, and the Bonds to be so credited. If the certificate and the Bonds to be credited are not timely furnished to the Trustee, the mandatory sinking fund requirement (and corresponding mandatory redemption obligation) shall not be reduced. With the prior written consent of the Bank, credit against the then current mandatory sinking fund requirement (and corresponding mandatory redemption obligation) also shall be received by the Bond Bank for any Bonds which prior thereto have been redeemed (other than through the operation of the mandatory sinking fund requirements) or purchased for cancellation and canceled by the Trustee, to the extent not applied theretofore as a credit against any redemption obligation.

Except as otherwise provided in the preceding paragraph, each Bond previously redeemed, or purchased and canceled, shall be credited by the Trustee at 100% of the principal amount thereof against the mandatory sinking fund requirements (and corresponding mandatory redemption obligations) in inverse order of the maturity of the mandatory sinking fund requirements.

Mandatory Redemption Upon a Determination of Taxability. Upon the occurrence of a Determination of Taxability, as defined below, the Bonds are subject to mandatory redemption in whole by the Bond Bank at a redemption price of 100% of the outstanding principal amount thereof, plus accrued interest to the redemption date, at the earliest practicable date selected by the Trustee, after consultation with the Bond Bank, but in no event later than 30 days following the Trustee's receipt of notification of the Determination of Taxability. **The occurrence of a Determination of Taxability with respect to the Bonds will not constitute an Event of Default under the Indenture and the Bonds will be subject to mandatory redemption in accordance with the Indenture. No redemption premium will be payable and no increase in the interest payable with respect to the Bonds will occur in the event a Determination of Taxability occurs.**

"Determination of Taxability" means and shall occur when, (a) the Trustee receives written notice from the Bond Bank, supported by an opinion of Bond Counsel, that interest on the Bonds is includable in the gross income of Holders of the Bonds for federal income tax purposes or (b) the Internal Revenue Service shall claim in writing that interest on the Bonds is includable in the gross income of Holders of the Bonds for federal income tax purposes; provided, that such a claim shall not be deemed a Determination of Taxability unless the Bond Bank is afforded reasonable opportunity (at the Qualified Entity's sole expense and for a period not to exceed 2 years) to pursue any judicial or administrative remedy available to the Bond Bank with respect to such claim.

Notice of Redemption and Payments. Notice of redemption with respect to the Bonds is to be given by the Trustee on behalf of the Bond Bank, subject to the deposit in the case of an optional redemption (except with the consent of the Bank) of sufficient Eligible Funds (as hereinafter defined) in the General Fund to redeem such Bonds at the redemption price thereof, including premium, if any, and interest accrued to the redemption date, to the registered owner of each Bond being redeemed by first class mail, addressed to the address of such Holder as it appears upon the Register (the "Register") maintained by the Registrar, or at such other address as is furnished in writing by the Holder to the Registrar, not less than 30 days nor more than 60 days prior to redemption (except in the case of mandatory redemption upon the occurrence of a Determination of Taxability, in which case notice shall be given at least five days and not more than fifteen days prior to the date fixed for redemption). Failure to receive any such notice or any defect therein shall not affect the validity of any proceeding for the redemption of any other Bond.

Notice of the call for redemption of Bonds held under a book entry system will be sent by the Trustee only to DTC or its nominee as registered owner. Selection of book entry interests in the Bonds called, and notice of call to the Beneficial Owners is the responsibility of DTC, Direct Participants and Indirect Participants. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or any Indirect Participant to notify the Beneficial Owners, of any such notice and its content or effect will not affect the validity of any proceedings for the redemption of the Bonds. See "THE BONDS -- Book-Entry Only System" herein.

When less than the entire unmatured portion of the Bonds are called for redemption at any time or from time to time, the selection of such Bonds or portions of Bonds in the amount of \$5,000 or any integral multiple thereof is to be made by lot in such manner as determined by the Trustee provided that the unredeemed portion of any Bond or Beneficial Ownership Interest redeemed in part shall be \$100,000 or more. Except as provided in the preceding sentence, if less than all of an outstanding Bond held under a book entry system is to be called for redemption, the Trustee will give notice of redemption only to DTC or its nominee as registered owner. The selection of the book entry interests in that Bond to be redeemed, and notice of call to the Beneficial Owners of those interests called, is the responsibility of DTC, Direct Participants and Indirect Participants.

The Trustee is required to draw upon the Letter of Credit in amounts sufficient to pay the principal amount of the Bonds to be redeemed and any interest accrued thereon. REDEMPTION PREMIUMS ARE NOT PAYABLE FROM DRAWS ON THE LETTER OF CREDIT. Any moneys received by the Trustee from the Qualified Entity which are available to be applied toward the payment of such principal and interest shall be paid to the Bank to reimburse the Bank for any drawing on the Letter of Credit to pay such principal and interest.

If money for redemption of Bonds is held by the Trustee or Paying Agent on the redemption date, and if notice of redemption has been mailed, then from and after the redemption date such Bonds called for redemption shall cease to bear interest and no longer shall be considered outstanding under the Indenture.

If any Bonds are not presented for payment at the date fixed for their redemption and the funds for such payment are available therefor, the Holders of such Bonds will thereafter be restricted exclusively to the funds available for redemption for the satisfaction of any claim relating to such Bonds. Any such funds remaining unclaimed for five years after becoming due and payable shall be applied by the Trustee in accordance with the Unclaimed Property Act, Indiana Code 32-9-1.5, as amended from time to time. Prior to the transfer of any such moneys to the Attorney General of the State in accordance with the Unclaimed Property Act, the Trustee will conduct searches in an effort to locate lost Holders using reasonable care to ascertain the correct addresses of all lost Holders in accordance with the rules governing registered transfer agents promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1934, as amended, but only if and so long as the Trustee is a registered transfer agent under those rules. Upon the transfer of such moneys to the Attorney General of the State in accordance with the Unclaimed Property Act, the Bond Bank and the Trustee shall have no further responsibility or liability with respect to such moneys, and the Holders entitled to such principal, interest or premium shall look only to the State for payment, to the extent provided by law, and then only to the extent of the amounts so received by the State, without any interest thereon.

Purchase of Bonds or Beneficial Interests on Demand of Holders or Beneficial Owners

While the Bonds bear interest in any Adjustable Interest Rate Mode, each Holder and each Beneficial Owner shall have the option to tender for purchase by the Trustee all of the Bonds or

Beneficial Ownership Interests owned by such Holders or Beneficial Owners, or such lesser principal amount thereof (in denominations of \$100,000 or integral multiples of \$5,000 in excess thereof, provided that the untendered portion of any Bond or Beneficial Ownership Interest shall be \$100,000 or more in principal amount) as such Holder or Beneficial Owner may specify in accordance with the terms, conditions and limitations set forth in the Indenture. The Trustee shall purchase such tendered Bonds or Beneficial Ownership Interests at their par value plus, if the Bonds bear interest in the Weekly Interest Rate Mode, interest accrued to the date of purchase. The purchase price shall be paid by the Trustee first from the proceeds of the remarketing of the Bonds or Beneficial Ownership Interests, and second from money drawn on the Letter of Credit if the proceeds of remarketing are insufficient to pay the purchase price. Such purchase price will be paid in lawful money of the United States of America by check or draft and will be paid in full on the Bond Purchase Date.

The term "Bond Purchase Date" means any Business Day selected by the Holder or Beneficial Owner while the Bonds bear interest in the Weekly Interest Mode and, if the Interest Rate Mode on the Bonds is to be converted from the Weekly Interest Rate Mode to a new Interest Rate Mode, must be a date prior to the Interest Period Reset Date with respect to that new Interest Rate Mode. While the Bonds bear interest in any other Adjustable Interest Rate Mode, the term "Bond Purchase Date" means any Interest Rate Adjustment Date. The Holders or Beneficial Owners do not have the option to tender their Bonds or Beneficial Ownership Interests for purchase after the Interest Rate Mode on the Bonds has been converted to the Fixed Interest Rate Mode.

To exercise the option to tender for purchase, the Holder or Beneficial Owner must (a) give notice to the Trustee by the time and the date set forth below in writing or by telecopy stating (i) the name and address of the Holder or Beneficial Owner, (ii) the principal amount, CUSIP number and Bond numbers of Bonds or Beneficial Ownership Interests to be purchased, (iii) that such Bonds or Beneficial Ownership Interests are to be purchased on the Bond Purchase Date pursuant to the terms of the Indenture, and (iv) that such notice is irrevocable, (b) in the case of a purchase of a Beneficial Ownership Interest, provide the Trustee with evidence satisfactory to the Trustee of such Beneficial Owner's Beneficial Ownership Interest, (c) in the case of a Holder, deliver to the Trustee at its principal corporate trust office (by the time and date set forth below), the Bonds to be purchased, accompanied by fully completed and executed Instructions to Sell, the form of which is printed on the Bonds, and (d) in the case of a Beneficial Owner, cause the transfer of the Beneficial Owner's Beneficial Ownership Interest on the records of DTC as instructed by the Trustee (by the date and time set forth below). (All references to local time mean Indianapolis, Indiana time). Notwithstanding the foregoing, so long as the Bonds are held in the DTC book-entry only system, the requirement of physical delivery of tendered Bonds will be deemed to be satisfied as described herein under "THE BONDS -- Book-Entry Only System."

After a demand for purchase, Beneficial Owners shall be obligated to transfer their Beneficial Ownership Interests on the records of DTC in accordance with instructions of the Trustee. Upon the giving of notice of tender of any Bonds or Beneficial Ownership Interests, the Holder's or Beneficial Owner's tender of such Bonds or Beneficial Ownership Interests shall be irrevocable.

Any Bonds for which a notice of tender has been given by the Holder shall be deemed to be

tendered for remarketing, notwithstanding any failure of delivery of such Bonds to the Trustee. Subject to the right of such Holder to receive the purchase price of such Bonds and interest accrued thereon to the date preceding the applicable Bond Purchase Date, such Bonds shall be null and void and the Trustee shall authenticate and delivery new Bonds in replacement thereof pursuant to the remarketing of such Bonds or the pledge of such Bonds to the Bank in lieu of remarketing such Bonds.

Weekly Interest Rate Mode. To exercise the option to tender the Bonds or Beneficial Ownership Interest while the Bonds bear interest in the Weekly Interest Rate Mode, the Holder or Beneficial Owner must (a) give the notice no earlier than the fifteenth day and no later than the seventh day prior to the Bond Purchase Date, (b) in the case of a Holder, deliver the Bonds no later than 10:00 a.m., Indianapolis, Indiana time, at the corporate trust office of the Trustee, on the second Business Day preceding the Bond Purchase Date and (c) in the case of a Beneficial Owner, cause the transfer of the Beneficial Ownership Interest on the records of DTC by 10:00 a.m., Indianapolis, Indiana time, at the corporate trust office of the Trustee, on the Bond Purchase Date. In the case of a Bond or Beneficial Ownership Interest or portion thereof to be purchased prior to an Interest Payment Date and after the Record Date in respect thereof, the Holder or Beneficial Owner shall deliver a due-bill check, in form satisfactory to the Trustee, for interest due on such Interest Payment Date.

One Month Interest Rate Mode. To exercise the option to tender the Bonds or Beneficial Ownership Interest while the Bonds bear interest in the One Month Interest Rate Mode the Holder or Beneficial Owner must (a) give the notice to the Trustee no earlier than fifteen days prior to the Bond Purchase Date and no later than 11:00 a.m., Indianapolis, Indiana time, at the corporate trust office of the Trustee, on the fifth Business Day prior to the Bond Purchase Date, (b) in the case of a Holder, deliver the Bonds no later than 10:00 a.m., Indianapolis, Indiana time, at the corporate trust office of the Trustee, on the fourth day preceding the Bond Purchase Date (or the next preceding Business Day if such fourth day is not a Business Day), and (c) in the case of a Beneficial Owner, cause the transfer of the Beneficial Ownership Interest on the records of DTC by 10:00 a.m., Indianapolis, Indiana time, at the corporate trust office of the Trustee, on the Bond Purchase Date.

Other Adjustable Interest Rate Modes. To exercise the option to tender Bonds or Beneficial Ownership Interests while the Bonds bear interest in any Adjustable Interest Rate Mode other than the One Month Interest Rate Mode or the Weekly Interest Rate Mode, the Holder or Beneficial Owner must (a) give the notice to the Trustee no earlier than fifteen days prior to the Bond Purchase Date and no later than 11:00 a.m., Indianapolis, Indiana time, at the corporate trust office of the Trustee, on the eighth Business Day prior to the Bond Purchase Date, (b) in the case of a Holder, deliver the Bonds no later than 10:00 a.m., Indianapolis, Indiana time, at the corporate trust office of the Trustee, on the seventh day preceding the Bond Purchase Date (or the next preceding Business Day if such seventh day is not a Business Day), and (c) in the case of a Beneficial Owner, cause the transfer of the Beneficial Ownership Interest on the records of DTC by 10:00 a.m., Indianapolis, Indiana time, at the corporate trust office of the Trustee, on the Bond Purchase Date.

If less than all of a Bond so delivered is to be purchased, the Trustee will authenticate one or more Bonds, registered in the name of such Holder, having the aggregate principal amount being

retained by such Holder, and will deliver such authenticated Bond or Bonds to such Holder.

The tender options granted to the Holders and the Beneficial Owners and all mandatory Bond tenders are subject to the additional condition that any tendered Bonds or Beneficial Ownership Interests (or the applicable portions thereof) will not be purchased if such Bonds (or applicable portions thereof) mature or are redeemed on or prior to the applicable Bond Purchase Date.

So long as the Bonds are held by DTC or its nominee, Cede & Co., in book-entry only form, the Trustee will recognize and treat DTC or its nominee, Cede & Co., as the Holder of the Bonds for all purposes under the Indenture, provided that the Trustee will recognize Beneficial Owners for purposes of the purchase of Beneficial Ownership Interests. See "THE BONDS -- Book-Entry Only System" herein. Each Beneficial Owner is responsible for observing the procedures of DTC, the Direct Participants, any Indirect Participant and the Trustee, as set forth in the Indenture, in order to permit the timely observance of the tender process with respect to Beneficial Ownership Interests.

Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Conversion Between Modes

Upon any conversion of the Bonds from one Interest Rate Mode to another, all Bonds and Beneficial Ownership Interests shall be subject to mandatory tender by the Holders or Beneficial Owners thereof for purchase on the Interest Period Reset Date with respect to the new Interest Rate Mode at a price of 100% of the principal amount thereof plus accrued interest to the Interest Period Reset Date.

The Bond Bank (at the written request of the Qualified Entity and the written consent of the Bank) is required to give notice to the Trustee and Remarketing Agent of its election to convert the Bonds to a new Interest Rate Mode at least 45 days prior to the Interest Period Reset Date for the new Interest Rate Mode. The Trustee is required to notify Holders of all outstanding Bonds of such conversion to a different Interest Rate Mode at least 30 days before the Interest Period Reset Date. Unless the new Interest Rate Mode is a Weekly Interest Rate Mode or the One Month Interest Rate Mode, the Remarketing Agent will determine the interest rate for the first Interest Rate Period for the new Interest Rate Mode on the Interest Rate Determination Date, which will be the tenth Business Day before the Interest Period Reset Date for the new Interest Rate Mode. If the new Interest Rate Mode is the Weekly Interest Rate Mode, the Remarketing Agent will determine the first Weekly Interest Rate on the Interest Rate Determination Date for the Weekly Interest Rate Mode, which will be 2:00 p.m., Indianapolis, Indiana time, at the corporate trust office of the Trustee, on the Business Day preceding the Interest Period Reset Date. If the new Interest Rate Mode is the One Month Interest Rate Mode, the Interest Rate Determination Date will be the seventh Business Day before the Interest Period Reset Date. A Holder or Beneficial Owner may elect to waive the mandatory purchase and retain its Bonds or Beneficial Ownership Interests by delivering notice to the Trustee of such election not later than 11:00 a.m., Indianapolis, Indiana time, at the corporate trust office of the Trustee, on the eighth Business Day prior to the Interest Period Reset Date for the new Interest Rate Mode, unless the interest rate is to be converted to the One Month Interest Rate Mode, in which case the notice to the Trustee must be delivered not later than 11:00 a.m., Indianapolis,

Indiana time, at the corporate trust office of the Trustee, on the fifth Business Day prior to the Interest Period Reset Date. Such notice must state that (a) such Holder or Beneficial Owner realizes that the Bonds are being converted to a different Interest Rate Mode, (b) unless the interest rate on the Bonds is being converted to the Weekly Interest Rate Mode, such Holder or Beneficial Owner realizes that the next Bond Purchase Date upon which the Bonds or Beneficial Ownership Interests may be tendered for purchase is the next Interest Rate Adjustment Date or, if such Bonds are being converted to the Fixed Interest Rate, that such Bonds or Beneficial Ownership Interests may no longer be tendered for purchase, (c) such Holder or Beneficial Owner realizes that any securities rating on the Bonds may be withdrawn or lowered and (d) such Holder or Beneficial Owner affirmatively elects to hold its Bonds or Beneficial Ownership Interests and receive interest at the applicable Interest Rate Mode. A Holder or Beneficial Owner may be advised of the interest rate for the first Interest Rate Period for the new Interest Rate Mode by calling the Trustee (317/321-8203) or the Remarketing Agent (614/221-2406) on the Interest Rate Determination Date or thereafter.

Bonds or Beneficial Ownership Interests with respect to which the Trustee shall not have received the election required as described in the preceding paragraph shall be deemed to have been tendered, whether or not the Holders or Beneficial Owners have delivered such Bonds or Beneficial Ownership Interests to the Trustee, and without further action by the Holders or Beneficial Owners thereof. Subject to the right of the Holders or Beneficial Owners of such Bonds or Beneficial Ownership Interests to receive the purchase price of such Bonds or Beneficial Ownership Interests and interest accrued thereon to the Interest Period Reset Date, such Bonds or Beneficial Ownership Interests shall be null and void and the Trustee shall authenticate and deliver new Bonds, or new Beneficial Ownership Interests shall be created, in replacement thereof pursuant to the remarketing of such Bonds or Beneficial Ownership Interests or the pledge of such Bonds or Beneficial Ownership Interests to the Bank in lieu of remarketing such Bonds or Beneficial Ownership Interests.

So long as the Bonds are held by DTC or its nominee, Cede & Co., in book-entry only form, the Trustee will recognize and treat DTC or its nominee, Cede & Co., as the Holder of the Bonds for all purposes under the Indenture, provided however that the Trustee will recognize a Beneficial Owner with respect to the waiver of the purchase of Beneficial Ownership Interests. See "THE BONDS -- Book-Entry Only System" herein. Each Beneficial Owner is responsible for observing the procedures applicable to DTC, the Direct Participants, any Indirect Participant and the Trustee, as set forth in the Indenture, in order to permit the timely observance of the mandatory tender waiver process with respect to Beneficial Ownership Interests.

Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Delivery of an Alternate Letter of Credit

If the Qualified Entity provides for the delivery to the Trustee of an Alternate Letter of Credit (as hereinafter defined), on a date determined by the Bond Bank, at the written direction of the Qualified Entity and with the consent of the Trustee, which date shall be the Replacement Date (as hereinafter defined) ("Bond Purchase Date"), all Bonds and Beneficial Ownership Interests shall be subject to mandatory tender by the Holders or Beneficial Owners thereof for purchase at a price of

100% of the principal amount thereof plus accrued interest to the Bond Purchase Date.

At least 30 days prior to the Bond Purchase Date, the Trustee shall confirm, by first class mail to all Holders, that an Alternate Letter of Credit is to be delivered by the Qualified Entity to the Trustee. Such notice shall advise the Holders of the Bond Purchase Date, that the requirements of the Indenture and the Bonds relating to Alternate Letters of Credit have been met, the name of the financial institution issuing the Alternate Letter of Credit, the rating, if any, on the Bonds upon the provision of the Alternate Letter of Credit and that all Bonds and Beneficial Ownership Interests shall be subject to mandatory tender, subject to the right of each Holder or Beneficial Owner to affirmatively elect to waive the mandatory tender and retain its Bonds or Beneficial Ownership Interests. See "THE LETTER OF CREDIT -- Alternate Letter of Credit" herein.

Any Holder or Beneficial Owner may elect to retain its Bonds or Beneficial Ownership Interests by delivering to the Trustee a written notice no later than 11:00 a.m., Indianapolis, Indiana time, at the corporate trust office of the Trustee, on the eighth Business Day prior to such Bond Purchase Date which written notice shall state that (a) such Holder or Beneficial Owner has received notice of and realizes that the Qualified Entity is delivering an Alternate Letter of Credit to the Trustee pursuant to the Indenture and (b) such Holder or Beneficial Owner affirmatively elects to retain its Bonds or Beneficial Ownership Interests.

Bonds or Beneficial Ownership Interests with respect to which the Trustee shall not have received the election required by the preceding paragraph shall be deemed to have been tendered, whether or not the Holders have delivered such Bonds to the Trustee, and without further action by the Holders or Beneficial Owners thereof. Subject to the right of the Holders or Beneficial Owners of such Bonds and Beneficial Ownership Interests to receive the purchase price of such Bonds and Beneficial Ownership Interests and interest accrued thereto to the Bond Purchase Date, such Bonds or Beneficial Ownership Interests shall be null and void and the Trustee shall authenticate and deliver new Bonds, or new Beneficial Ownership Interests shall be created, in replacement thereof pursuant to the remarketing of such Bonds or Beneficial Ownership Interests or the pledge of such Bonds or Beneficial Ownership Interests to the Bank in lieu of remarketing such Bonds or Beneficial Ownership Interests.

So long as the Bonds are held by DTC or its nominee, Cede & Co., in book-entry only form, the Trustee will recognize and treat DTC or its nominee, Cede & Co., as the Holder of the Bonds for all purposes under the Indenture, provided, however the Trustee will recognize a Beneficial Owner with respect to waivers of the purchase of Beneficial Ownership Interests. See "THE BONDS -- Book-Entry Only System" herein. Each Beneficial Owner is responsible for observing the procedures applicable to DTC, the Direct Participants, any Indirect Participant and the Trustee, as set forth in the Indenture, in order to permit the timely observance of the mandatory tender waiver process with respect to Beneficial Ownership Interests.

Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Expiration of the Letter of Credit or Alternate Letter of Credit

The Bonds and Beneficial Ownership Interests shall be subject to mandatory tender for purchase on the Interest Payment Date next preceding the expiration date of the Letter of Credit or any Alternate Letter of Credit (a "Mandatory Bond Purchase Date"), at a price of 100% of the outstanding principal amount thereof plus accrued interest to such Mandatory Bond Purchase Date, unless, at least 45 days prior to such Mandatory Bond Purchase Date, (a) the Bank shall have agreed to an extension of the expiration date of the Letter of Credit or such Alternate Letter of Credit or (b) the Qualified Entity shall have obtained an Alternate Letter of Credit (as hereinafter defined) with respect to the Bonds. The mandatory tender for purchase of Bonds or Beneficial Ownership Interests on a Mandatory Bond Purchase Date may not be waived by the Holders or Beneficial Owners thereof.

At least 30 days, but no more than 45 days, prior to a Mandatory Bond Purchase Date, the Trustee shall confirm, by first class mail to all Holders or Beneficial Owners, the Mandatory Bond Purchase Date. The notice shall advise the Holders that all Bonds and Beneficial Ownership Interests shall be subject to mandatory tender on the Mandatory Bond Purchase Date and that the mandatory tender of Bonds or Beneficial Ownership Interests on the Mandatory Bond Purchase Date may not be waived.

Bonds or Beneficial Ownership Interests not tendered for purchase as described in the preceding paragraph shall be deemed to have been tendered without further action by the Holders or Beneficial Owners thereof, subject to the right of the Holders or Beneficial Owners of such Bonds or Beneficial Ownership Interests to receive the purchase price of such Bonds or Beneficial Ownership Interests and interest accrued thereon to the Mandatory Bond Purchase Date.

So long as the Bonds are held by DTC or its nominee, Cede & Co., in book-entry only form, the Trustee will recognize and treat DTC or its nominee, Cede & Co., as the Holder of the Bonds for all purposes under the Indenture. See "THE BONDS -- Book-Entry Only System" herein.

Remarketing of Bonds or Beneficial Ownership Interests

Whenever Bonds or Beneficial Ownership Interests are tendered for purchase by the Holders or Beneficial Owners thereof, either by optional tender or mandatory tender (other than a mandatory tender pursuant to the expiration of the Letter of Credit or any Alternate Letter of Credit), as described above, the Remarketing Agent will use its best efforts to remarket such Bonds or Beneficial Ownership Interests. If Bonds or Beneficial Ownership Interests tendered for purchase are not remarketed by the Remarketing Agent, the Trustee shall draw on the Letter of Credit to pay the purchase price of such Bonds or Beneficial Ownership Interests and such Bonds or Beneficial Ownership Interests will be delivered to the Bank or, at the direction of the Bank, held by the Trustee for the benefit of the Bank. Any due-bill checks delivered to the Trustee pursuant to an optional tender of Bonds or Beneficial Ownership Interests shall be delivered to the Holder or

Beneficial Owner to whom such Bonds or Beneficial Ownership Interests have been remarketed, or to the Bank if the purchase price for the Bonds or Beneficial Ownership Interests has been paid pursuant to a draw on the Letter of Credit.

Bonds or Beneficial Ownership Interests tendered for purchase upon the expiration of the Letter of Credit or any Alternate Letter of Credit shall be delivered to the Bank or, at the direction of the Bank, held by the Trustee for the benefit of the Bank. Such Bonds or Beneficial Ownership Interests shall not be remarketed prior to the Qualified Entity's delivery of a letter of credit which satisfies the terms of the Indenture with respect to the delivery of an Alternate Letter of Credit (as hereinafter defined). See "THE LETTER OF CREDIT -- Alternate Letter of Credit" herein.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Description

The Bonds are limited obligations payable solely from the Trust Estate, defined to be all right, title and interest of the Bond Bank in, to and under the Qualified Obligation, the proceeds from the sale of the Bonds, and all revenues and other cash and securities in the funds and accounts (except the Rebate Fund and the Remarketing Reimbursement Fund) and certain investment earnings thereon and proceeds thereof, and all moneys received by the Trustee under or pursuant to the Letter of Credit. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, premium, if any, and interest on all of the Bonds. The Bond Bank has no taxing power. The Bonds do not constitute a general or moral obligation of the Bond Bank and a reserve will not be maintained by the Bond Bank for the Bonds. The Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof under the constitution of the State or a pledge of the faith, credit and taxing power of the State or any political subdivision thereof, including the Qualified Entity. The sources of payment of, and security for, the Bonds are more fully described below.

The Huntington National Bank, Columbus, Ohio, will provide a Letter of Credit for the Bonds. See "APPENDIX A – THE HUNTINGTON NATIONAL BANK" attached hereto. The Letter of Credit will permit the Trustee to draw an amount up to (a) the outstanding principal amount of the Bonds (i) to enable the Trustee to pay the principal amount of the Bonds when due at maturity, upon redemption or acceleration and (ii) to enable the Trustee to pay the portion of the purchase price of Bonds or Beneficial Ownership Interests tendered to it equal to the principal amount of such tendered Bonds or Beneficial Ownership Interests, plus (b) an amount equal to interest to accrue on the Bonds for 45 days at the Maximum Rate, (i) to enable the Trustee to pay interest on the Bonds when due and (ii) to enable the Trustee to pay the portion, if any, of the purchase price of Bonds or Beneficial Ownership Interests tendered to it equal to the accrued interest on such tendered Bonds or Beneficial Ownership Interests. The Letter of Credit will expire, unless earlier terminated, on September 15, 2005.

The principal of and interest on the Bonds will be payable from the proceeds of draws under the Letter of Credit. Enforceability of the provisions of the Letter of Credit and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium or other laws in effect from time to

time affecting creditors' rights, and to the exercise of judicial discretion in accordance with general principles of equity.

IN THE EVENT OF A DEFAULT BY THE BANK UNDER THE LETTER OF CREDIT, NO INSURANCE PROCEEDS FROM THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, INSTRUMENTALITY OR AUTHORITY WOULD BE AVAILABLE TO PAY BONDHOLDERS.

The Qualified Obligation

From the proceeds of the Bonds, the Bond Bank intends to purchase and, upon purchase, will pledge to the Trustee the Qualified Obligation of the Qualified Entity. The Qualified Entity will issue its Qualified Obligation in a principal amount equal to the aggregate principal amount of the Bonds.

The Qualified Obligation is an obligation of the Qualified Entity payable from the net revenues pledged by the Qualified Entity to that purpose under its bond resolution (the "Qualified Entity Resolution") adopted on February 12, 2002. The Qualified Entity was established pursuant to Indiana Code 14-33-1 et seq. as supplemented and amended and an order of the Morgan County Circuit Court authorizing the establishment of the Qualified Entity. The Qualified Entity has developed a District Plan, as amended ("the District Plan") for the accomplishment of its stated purposes as hereinafter enumerated. The District Plan contemplates a multiple phase program of development. The proceeds of the Qualified Obligation will be utilized by the Qualified Entity for the purpose of providing for (i) the collection, treatment and disposal of sewage and other liquid waste, and the development of forest wildlife areas, parks and recreational facilities in connection with beneficial water management and providing a water supply, including treatment and distribution for domestic, industrial and public use, for the area comprising the Tri-County Conservancy District, (ii) the refunding of an outstanding obligation of the Qualified Entity, (iii) the payment of capitalized interest on the Qualified Obligation, and (iv) the payment of the costs of issuing the Qualified Obligation. There can be no assurance that the net revenues of the Qualified Entity so collected will be sufficient to pay the principal of and/or interest on the Qualified Obligation.

The Qualified Entity Resolution and the Qualified Obligation provide that the Qualified Entity shall pay the principal of, premium, if any, and interest on the Qualified Obligation in an amount equal to the principal of, premium, if any, and interest due on the Bonds; subject, however, to a credit for amounts drawn under the Letter of Credit to pay the principal of, premium, if any, and interest due on the Bonds, as more specifically described in the second following paragraph.

The Net Revenues pledged by the Qualified Entity for the payment of the principal of, premium, if any, and interest on the Qualified Obligation consists of the gross revenues less operating and maintenance expenses of the Qualified Entity in connection with all of its operations. In the Qualified Entity Resolution the Qualified Entity has covenanted that it will cause the revenues produced from the operation of the district (exclusive of those revenues related to provision of water) to be collected and applied for the purpose of payment of the principal of, premium, if any,

and interest on the Qualified Obligation.

If the Letter of Credit is outstanding and drawings may be made thereunder (but only if such drawing is permitted by the terms of the Letter of Credit) for the purpose of making payments with respect to the principal, premium, if any, and interest due on the Bonds, such payment shall be made on such dates on behalf of the Qualified Entity with funds drawn under the Letter of Credit, and no additional payment shall be due or payable by the Qualified Entity with respect to the payment of principal of, premium, if any, and interest on the Qualified Obligation to the extent that funds are so drawn on the Letter of Credit and applied for such payment on such dates on the Bonds and the Qualified Entity shall receive a credit against its obligation to make such payments for the principal of, premium, if any, and interest on the Qualified Obligation.

Enforcement of the Qualified Obligation

As the owner of the Qualified Obligation, the Bond Bank has available to it all remedies available to owners or holders of securities issued by the Qualified Entity. The Act provides that upon the execution and delivery of the Qualified Obligation to the Bond Bank, the Qualified Entity is deemed to have agreed that all statutory defenses to nonpayment are waived in the event that the Qualified Entity fails to pay principal of, or interest on, the Qualified Obligation when due. In the event that moneys are not available to repay the principal of and interest on the Qualified Obligation when due, the Bond Bank will take all actions necessary to the extent permitted by law to enforce the Qualified Obligation.

Under existing law, the remedies specified by the Qualified Obligation, including any remedies under the Qualified Entity Resolution and the Purchase Agreement, may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in those documents. The various legal opinions to be delivered concurrently with the delivery of the Bonds will contain customary qualifications as to the enforceability of the various legal instruments by limitations imposed by the state and federal laws, rulings and decisions affecting remedies and bankruptcy, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally. See "RISKS TO BONDHOLDERS" herein.

Also, under existing law, to the extent that any department or agency of the State, including the Treasurer, is the custodian of money payable to the Qualified Entity (other than for goods or services provided by the Qualified Entity), at any time after written notice to the department or agency head from the Bond Bank that the Qualified Entity is in default on the payment of principal or interest on the Qualified Obligation then held or owned by the Bond Bank, such department or agency shall withhold the payment of that money from the Qualified Entity and pay over the money to the Bond Bank for the purpose of paying the principal of and interest on the Bonds.

The Bond Bank has determined to consult with the Qualified Entity, as necessary from time to time, with regard to the actions needed to be taken by the Qualified Entity to preserve the exclusion of the interest on the Bonds from the gross income of the holders of the Bonds.

The Bond Bank has directed its staff to monitor the compliance by and to consult regularly

with the Qualified Entity with respect to its requirements under the Qualified Obligation, including the making of Qualified Obligation Payments to the Bond Bank.

APPLICATION OF PROCEEDS

The proceeds of the Bonds, and the uses of such proceeds in connection with the purchase of the Qualified Obligation, are as follows:

Sources

Principal Amount of the Bond	<u>\$5,800,000</u>
TOTAL	\$5,800,000

Uses

Purchase of Qualified Obligation ^a	\$5,630,631
Costs of Issuance of Bonds	<u>\$ 169,369</u>
TOTAL	\$5,800,000

^a Proceeds from the sale of the Qualified Obligation are expected to be deposited or expended as follows:

Construction Fund deposit (1)	\$ 5,119,631
Capitalized Interest (2)	\$ 468,000
Costs of Issuance (3).....	\$ 43,000

- (1) Proceeds from the sale of the Qualified Obligation will be deposited in the Construction Fund established under an agreement between The Huntington National Bank and the Qualified Entity, and disbursed upon written approval of such Bank.
- (2) Interest on the Qualified Obligation will be funded through December 31, 2004. This amount will be held in the Capitalized Interest Account established within the Construction Fund under an agreement between The Huntington National Bank and the Qualified Entity.
- (3) Includes bond counsel and local counsel fees, financial advisory fee, and printing and miscellaneous costs associated with issuance of the Qualified Obligation.

RISKS TO BONDHOLDERS

In addition to factors set forth elsewhere in this Offering Memorandum, purchasers of Bonds should carefully consider the following risk factors in connection with investment in the Bonds.

(a) The principal of (but not redemption premium) and up to 45 days' accrued interest on the Bonds (at the "Maximum Rate" of 10% per annum) are secured by the Letter of Credit. The Letter of Credit expires on September 15, 2005 which is prior to the final maturity of the Bonds, and, unless at least 45 days prior to the Interest Payment Date preceding such expiration date the Letter of Credit is renewed, replaced or extended, the Bonds are subject to mandatory tender for purchase on the Interest Payment Date next preceding September 15, 2005, or are subject to mandatory tender on

the Interest Payment Date next preceding any later expiration date of the Letter of Credit or the Interest Payment Date next preceding the expiration date of any Alternate Letter of Credit at a price equal to 100% of the principal amount thereof (without premium), plus accrued interest to the Mandatory Bond Purchase Date. The mandatory purchase of Bonds or Beneficial Ownership Interests on such a Mandatory Bond Purchase Date may not be waived. See "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Expiration of the Letter of Credit or Alternate Letter of Credit" and "THE LETTER OF CREDIT" herein.

(b) Upon the occurrence of certain events, including, but not limited to, default by the Qualified Entity of its obligations under the Reimbursement Agreement, or default by the Qualified Entity of any of its obligations under any other agreement which the Bank may enter into with Qualified Entity at any time, the Bonds may be subject to prepayment in whole or in part at a price equal to 100% of the principal amount thereof (without premium), plus accrued interest. See "THE REIMBURSEMENT AGREEMENT" and "THE INDENTURE -- Events of Default and Remedies" herein.

(c) Upon the occurrence of a Determination of Taxability (as defined herein), the Bonds are subject to redemption in whole at a price equal to 100% of the principal amount thereof (without premium), plus accrued interest. See "THE BONDS -- Mandatory Redemption Upon a Determination of Taxability" herein.

(d) The Bonds and Beneficial Ownership Interests are subject to mandatory tender for purchase upon the conversion of the interest rate on the Bonds to a different Interest Rate Mode and are subject to mandatory tender for purchase upon the delivery of an Alternate Letter of Credit (as hereinafter defined) at a purchase price equal to 100% of the principal amount thereof, plus accrued interest. See "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Conversion Between Modes" and "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Delivery of an Alternate Letter of Credit" herein.

(e) **The primary security for the Bonds is intended to be the Letter of Credit delivered by the Bank to the Trustee. Reference is hereby made to Appendix A hereto which contains certain financial information regarding the Bank.** It is possible, in the event of the insolvency of the Bank, or the occurrence of some other event precluding the Bank from honoring its obligation to make payments as stated in the Letter of Credit, that the financial resources of the Qualified Entity will be the only source of payment on the Bonds. There can be no assurance that the financial resources of the Qualified Entity would be sufficient to pay the principal of, premium, if any, and interest on the Bonds in the event the Trustee were forced to seek recourse against the Qualified Entity.

(f) No application has been filed for a credit rating with respect to the Bonds. Accordingly, there will be no recognized credit rating assigned to the Bonds at the time of issuance, and it is not anticipated that such rating will be assigned at any time thereafter.

(g) Enforcement of remedies provided in the Indenture with respect to payments to be made by the Bank under the Letter of Credit may be limited by insolvency, bankruptcy or other laws

relating to creditors' rights generally. The security provided by the Letter of Credit for payment of the principal of and up to 45 days' interest at the Maximum Rate on the Bonds, or the purchase price of the Bonds or Beneficial Ownership Interests, may be impaired in the event of a deterioration of the financial condition of the Bank, as the Letter of Credit represents a general claim against the assets of the Bank.

(h) Performance by the Bank of its obligations under the Letter of Credit is subject to the satisfaction of certain conditions by the Trustee, as set forth in the Letter of Credit. Bondholders are thus dependent upon the Trustee acting to satisfy such conditions before they will receive the benefit of the Letter of Credit. Furthermore, the question of whether the Trustee has properly satisfied such conditions is a question of fact which, if disputed, could delay or defeat the Trustee's rights of enforcement of the Letter of Credit.

(i) The United States Bankruptcy Code generally stays the enforcement of claims against the estate of a bankrupt once a petition in bankruptcy is filed. The Bank is required under the Letter of Credit to pay amounts sufficient to pay the principal of and up to 45 days' interest on the Bonds in the event of the bankruptcy of the Qualified Entity. However, it is possible in the event of a bankruptcy of the Qualified Entity that a bankruptcy court could enjoin payments under the Letter of Credit.

(j) Bond Counsel will opine that interest on the Bonds will not be includable in the gross income of the Holders thereof for federal income tax purposes. However, Bond Counsel's opinion relates only to the exclusion from gross income on the Bonds for federal income tax purposes and is conditioned on continuing compliance by the Bond Bank and the Qualified Entity with representations and covenants contained in certain certificates with respect to arbitrage and other tax matters to be delivered at closing. Failure to comply with the representations and covenants made in those certificates could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes. See "TAX MATTERS" herein.

(k) The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State, the United States of America and other governmental authorities, including police powers exercised for the benefit of the public health and welfare, and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(l) The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

(m) The Bonds are exempt from Rule 15c2-12 of the Securities and Exchange Commission.

Neither the Bank, the Qualified Entity nor the Bond Bank has undertaken in any agreement or contract to provide to the Trustee, any holders of any Bonds, any information repository or depository, the Municipal Securities Rulemaking Board or any other person, on a periodic basis or otherwise, any annual financial information, audited financial statements, operating data or other information or any notice of any event with respect to the Bonds, except as otherwise expressly provided for in the Indenture.

THE LETTER OF CREDIT

The following summarizes certain provisions of the Letter of Credit issued by the Bank. Reference is made to the Letter of Credit for the detailed provisions thereof. The Letter of Credit will be held by the Trustee.

The Letter of Credit is an irrevocable obligation of the Bank to pay to the Trustee up to the total of the following amounts (the "Stated Amount"), upon the terms and conditions set forth in the Letter of Credit: (a) the outstanding principal amount of the Bonds (i) to enable the Trustee to pay the principal amount of the Bonds when due at maturity, upon redemption or acceleration and (ii) to enable the Trustee to pay the portion of the purchase price of Bonds or Beneficial Ownership Interests tendered to it and equal to the principal amount of such tendered Bonds or Beneficial Ownership Interests, plus (b) an amount for accrued interest at a rate not to exceed the Maximum Rate on the outstanding Bonds for 45 days (i) to enable the Trustee to pay the interest on the Bonds when due and (ii) to enable the Trustee to pay the portion, if any, of the purchase price of Bonds or Beneficial Ownership Interests tendered to it equal to the accrued interest on such Bonds or Beneficial Ownership Interests. **THE LETTER OF CREDIT DOES NOT SECURE THE PAYMENT OF ANY PREMIUMS ON THE BONDS.**

Pursuant to the Indenture, the Trustee is required to draw upon the Letter of Credit in the following circumstances:

- (a) to make timely payment of the principal of and interest on the Bonds;
- (b) to make timely payment of the redemption price (excluding any premium) of Bonds called for mandatory or optional redemption; and
- (c) to make timely payment of the purchase price of Bonds or Beneficial Ownership Interests required to be purchased, as the result of an optional or mandatory tender, pursuant to the provisions of the Indenture, but only to the extent of a shortfall in remarketing proceeds except with respect to a mandatory tender upon expiration of the Letter of Credit.

The Letter of Credit will terminate upon the earliest to occur of the following (the "Termination Date"): (i) 3:00 p.m. EST, on September 15, 2005, (ii) the Trustee's making of the final drawing available to be made thereunder, (iii) 30 days after the receipt by the Trustee of a certificate directing the Trustee to accelerate the maturity of the Bonds or (iv) surrender of the Letter of Credit to the Bank for cancellation, accompanied by a certificate of a duly authorized officer of the Trustee stating that no Bonds are outstanding under the Indenture or that the Letter of Credit has

been replaced by an Alternate Letter of Credit (as herein defined).

The Stated Amount of the Letter of Credit and the amounts available to be drawn to pay principal of Bonds or to pay the principal portion of the purchase price for any Bonds or Beneficial Ownership Interests will be reduced automatically without notice by amounts drawn under the Letter of Credit for the payment of principal when due on Bonds or to pay the principal portion of the purchase price of any Bonds or Beneficial Ownership Interests. The Stated Amount will be reinstated with respect to a drawing for the principal portion of the purchase price of Bonds and Beneficial Ownership Interests upon the receipt by the Bank of remarketing proceeds with respect to such Bonds or Beneficial Ownership Interests. The Stated Amount and the amounts available to be drawn for the payment of interest will be reduced automatically, without notice, by the amount of any draw on the Letter of Credit for the payment of interest. Such amount with respect to interest will be reinstated in an amount sufficient to provide total interest coverage equal to 45 days interest at the Maximum Rate on the then outstanding principal amount of the Bonds in full five Business Days after the date of such reduction, unless prior thereto the Bank sends written notice to the Trustee stating that the Stated Amount will not be reinstated in respect of such interest; provided that such reinstatement of interest coverage will occur immediately in the case of any drawing for the interest portion of the purchase price of any Bonds and Beneficial Ownership Interests.

Alternate Letter of Credit

The Qualified Entity at its option may cause to be delivered to the Trustee, as a replacement for the Letter of Credit, an Alternate Letter of Credit ("Alternate Letter of Credit"). Any such Alternate Letter of Credit must be issued by a financial institution, must require such financial institution to pay when due, to and upon request of the Trustee, the same amounts as are payable under the initial Letter of Credit, must have an expiration date which is no earlier than the expiration date of the Letter of Credit being replaced and must have an effective date (the "Replacement Date") as set forth below.

If the Bonds are bearing interest at the Weekly Interest Rate or the Fixed Interest Rate, the Replacement Date may be any date selected by the Qualified Entity and approved in writing by the Bond Bank, provided, however, that the Replacement Date selected by the Qualified Entity shall permit the Trustee to comply with the notice and mandatory tender provisions applicable to the Bonds. See "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Delivery of an Alternate Letter of Credit" herein. If the Bonds are bearing interest at the One Month Interest Rate, Three Month Interest Rate, Six Month Interest Rate, One Year Interest Rate or Five Year Interest Rate, the Replacement Date shall be an Interest Rate Adjustment Date selected by the Bond Bank (or the Fixed Interest Rate Commencement Date if the Bonds are to bear interest at the Fixed Interest Rate), provided, however, that the Replacement Date shall permit the Trustee to comply with the notice and mandatory tender provisions applicable to the Bonds. See "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Delivery of an Alternate Letter of Credit" herein. If the Qualified Entity is providing an Alternate Letter of Credit in connection with the conversion of the interest rate on the Bonds, the expiration

date of the Alternate Letter of Credit shall be not earlier than 15 days after the end of the Interest Rate Period to be applicable to the Bonds upon such conversion or, in the event of a conversion to the Fixed Interest Rate, the expiration date or the Alternate Letter of Credit shall be not earlier than 15 days after the First Optional Redemption Date. See "THE BONDS -- Conversion Between Interest Rate Modes" herein. Prior to the replacement of a Letter of Credit with an Alternate Letter of Credit, the Trustee shall give notice to the Holders and, if the Bonds are then rated by a Rating Service, to each Rating Service which then has a rating on the Bonds of such event, and shall have received the following not less than 45 days prior to the Replacement Date: (a) an opinion of counsel for the issuer of the Alternate Letter of Credit that it constitutes a legal, valid and binding obligation of the issuer in accordance with its terms; (b) an opinion of counsel acceptable to the Trustee to the effect that payments under the Alternate Letter of Credit will not constitute voidable preferences in the event of a bankruptcy of the Qualified Entity or the Bond Bank; (c) an opinion of Bond Counsel that such replacement will not cause interest on the Bonds to become includable in gross income for federal income tax purposes; and (d) the Alternate Letter of Credit.

The term "Rating Service" as used herein means either Moody's Investors Service, Inc., and its successors and assigns, or Standard & Poor's Ratings Group, and its successors and assigns.

THE REIMBURSEMENT AGREEMENT

The following summarizes certain provisions of the Reimbursement Agreement among the Qualified Entity, the Bank and Cedar Run Limited, Inc., pursuant to which the Letter of Credit is issued. Reference is hereby made to the Reimbursement Agreement for the detailed provisions thereof.

Issuance of Letter of Credit and Reimbursement

Under the Reimbursement Agreement, the Bank will agree to issue its Letter of Credit to the Trustee concurrently with the issuance and delivery of the Bonds. The issuance of the Letter of Credit is subject to the satisfaction of certain conditions set forth in the Reimbursement Agreement, including the receipt by the Bank of various certifications or documents from the Qualified Entity, the Bond Bank and the Trustee, among other parties, and the delivery of certain legal opinions.

Under the Reimbursement Agreement, the Qualified Entity will agree to pay to the Bank all amounts that are drawn under the Letter of Credit, together with interest, if any, on such amounts at the rate or rates specified in the Reimbursement Agreement.

Fees and Expenses

Under the Reimbursement Agreement, the Qualified Entity will agree to pay to the Bank for the issuance of the Letter of Credit certain fees, and to pay all reasonable charges and expenses of the Bank incurred relative to the issuance, transfer, drawing upon or other actions with respect to the Letter of Credit or under the Reimbursement Agreement.

Certain Covenants of the Qualified Entity

The Qualified Entity, subject to specific provisions in the Reimbursement Agreement, will agree to observe certain covenants, which will include, among other things: to maintain its existence; to maintain certain insurance; to keep proper books of record and account; to furnish financial and other reports and information; and to comply with certain financial and other covenants. No assurance can be given as to the ability of the Qualified Entity to comply with such covenants. Failure to so comply could, at the option of the Bank, result in acceleration of the maturity of the Bonds.

Events of Default and Remedies

The Reimbursement Agreement specifies numerous Events of Default, including failure by the Qualified Entity to timely pay amounts payable to the Bank thereunder, or to comply with other covenants or conditions of the Reimbursement Agreement, including any breach of representations or warranties, or the occurrence of certain acts of insolvency or bankruptcy, or the occurrence of a default under any of certain other agreements relating to the issuance of the Bonds.

If an Event of Default under the Reimbursement Agreement has occurred and is subsisting, the

Bank may direct the Trustee to accelerate the Bonds under the Indenture and take any other remedial action available to it.

Amendment

The Reimbursement Agreement may be amended by the Qualified Entity and the Bank at any time and from time to time without any notice to or consent of the Bond Bank, the Trustee or any Bondholders.

THE INDENTURE

The following, in addition to the information provided under "THE BONDS," summarizes certain provisions of the Indenture between the Bond Bank and the Trustee. Reference is made to the Indenture for the detailed provisions thereof.

Assignment and Security

In the Indenture, the Bond Bank will assign to the Trustee its right, title and interest in and to the Trust Estate (but excluding amounts in the Rebate Fund and the Remarketing Reimbursement Fund).

Application of Proceeds

All moneys received from the sale of the Bonds will be deposited in the Bond Issuance Expense Account and the Purchase Account of the General Fund created by the Indenture and disbursed therefrom, in accordance with the provisions of the Indenture, to pay the Costs of Issuance (as defined in the Indenture) of the Bonds and to purchase the Qualified Obligation, respectively.

Revenues and General Fund

Any amounts which are to be applied to the payment of Bond Service Charges on the Bonds, including all Revenues and all moneys received upon drawings for such purpose made under the Letter of Credit, will be deposited in the General Fund created by the Indenture and maintained with the Trustee. Moneys in the General Fund are to be used for the payment of Bond Service Charges on the Bonds and for redemption of Bonds prior to maturity in the following order:

- (a) Amounts drawn by the Trustee under the Letter of Credit (provided that no amount drawn on the Letter of Credit may be used to pay any premium on the Bonds);
- (b) Any Eligible Funds on deposit in the General Fund; and
- (c) Any other amounts available in the General Fund.

"Eligible Funds" means amounts on deposit in the General Fund (other than funds derived from a draw on the Letter of Credit) for a period of 91 days during which there shall not have

occurred the filing of a voluntary or involuntary petition in bankruptcy under the United States Bankruptcy Code, or the commencement of a proceeding under any other applicable laws concerning insolvency, reorganization or bankruptcy, by or against the Qualified Entity or the Bond Bank.

Amounts remaining in the General Fund, after payment or provision for payment of all Bond Service Charges and after payment of all fees, charges, and expenses of the Bond Bank (including Program Expenses (as defined in the Indenture)) and the Trustee and of all other amounts required to be paid under the Indenture, are to be paid to the Bank or, if no amounts are then due under the Reimbursement Agreement, to the Qualified Entity.

Remarketing Reimbursement Fund

The Indenture creates the Remarketing Reimbursement Fund, to be held by the Trustee and administered in accordance with the terms of the Indenture for the deposit of amounts derived from the remarketing of Bonds or Beneficial Ownership Interests or from the payment of the purchase price of Bonds or Beneficial Ownership Interests by the Bank under the Letter of Credit. While the Bonds are outstanding, moneys in the Remarketing Reimbursement Fund will be used solely for the payment of the purchase price of Bonds or Beneficial Ownership Interests upon their optional or mandatory tender for purchase. The Remarketing Reimbursement Fund is not a part of the Revenues or the Trust Estate

Rebate Fund

The Indenture creates the Rebate Fund to be held by the Trustee for the deposit of amounts required to make payments to the United States government in satisfaction of the arbitrage rebate requirements under Section 148 of the Code. Although moneys deposited with or paid to the Trustee for the account of the Rebate Fund are required to be held by the Trustee in trust, such moneys are not subject to the lien of the Indenture.

The amounts on deposit in the Rebate Fund will not be part of the Revenues assigned under the Indenture to the Trustee.

Investment of Funds

Moneys held in the above described Funds (other than moneys in the Remarketing Reimbursement Fund or the Letter of Credit proceeds in the General Fund, which shall not be invested) are to be invested by the Trustee at the written direction of the Bond Bank, in Eligible Investments.

"Eligible Investments" means

(a) Government Obligations, which are defined to mean (i) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, (ii) obligations issued by a person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of Treasury of the United States of America or Federal Reserve Bank), and (iii) securities which represent an interest in the obligations described in (i) and (ii) above;

(b) Federal Home Loan Mortgage Corporation (FHLMC) and Farm Credit Banks (Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) participation certificates and senior debt obligations which bear interest at a fixed rate and are fully amortizing;

(c) Federal National Mortgage Association (FNMA) mortgage backed securities and senior debt obligations which bear interest at a fixed rate and are fully amortizing;

(d) Student Loan Marketing Association (Sallie Mae) letter of credit backed issues and senior debt obligations;

(e) Federal funds, certificates of deposit, time deposits and bankers' acceptances (having original maturities of not more than 365 days) of any bank, the unsecured, uninsured and unguaranteed debt obligations of which (or, in the case of a bank subsidiary in a bank holding company, debt obligations of the bank holding company) have been rated "AA" or "A-1" or its equivalent by either Rating Agency at the time of purchase;

(f) commercial paper (having original maturities of not more than 270 days) rated "A-1" or "P-1" or its equivalent by either Rating Agency at the time of purchase;

(g) obligations rated "AA" or "A-1" or its equivalent by either Rating Agency, or unrated general obligations of any person which has outstanding other unsecured, uninsured and unguaranteed obligations which are so rated by either Rating Agency at the time of purchase;

(h) repurchase agreements with any institution the unsecured, uninsured and unguaranteed debt obligations of which (or, in the case of a bank subsidiary in a bank holding company, debt obligations of the bank holding company) are rated "AA" or its equivalent by either Rating Agency at the time of purchase;

(i) tax-exempt obligations of any state of the United States of America or any political subdivision or other instrumentality of any such state, which obligations are rated in either of the two highest rating categories (i.e., "AA" or higher) of either Rating Service and are not "specified private activity bonds" as defined in Section 57(a)(5)(C) of the Code at the time of purchase;

(j) tax-exempt money market funds which are "qualified regulated investment companies"

within the meaning of IRS Notice 87-22, dated October 25, 1987, and which meet the other requirements of IRS Notice 87-22 and any subsequent regulations necessary to exempt investments in such funds from the definition of "investment property" under Section 148 of the Code whose assets are solely invested in obligations rated in either of the two highest rating categories by either Rating Agency at the time of purchase;

(k) money market funds the assets of which are obligations of or guaranteed by the United States of America (the fact that the Trustee, any affiliate of the Trustee or any affiliate of Banc One Corporation is providing services to and receiving remuneration from the foregoing investment company or investment trust as investment advisor, custodian, transfer agent, registrar, or otherwise shall not preclude the Trustee from investing in the securities of such investment company or investment trust), which funds are rated "Am" or "Am-G" or higher by Standard & Poor's Corporation at the time of purchase; and

(l) obligations approved in writing by the Bank.

The Trustee shall hold and control all investments (except as hereafter provided) of moneys in the Rebate Fund or the General Fund and interest accruing thereon and any profit realized from such investments will be credited, and any loss will be charged, to the particular fund from which the investment was made. Moneys drawn on the Letter of Credit and deposited in the General Fund shall be held in cash and not invested. Moneys deposited in the Remarketing Reimbursement Fund shall also be held in cash and not invested.

Additional Bonds

At the request of the Qualified Entity, and with the prior written consent of the Bank, the Bond Bank may issue additional bonds (the "Additional Bonds") for any purpose permitted under the Act. Any Additional Bonds shall be on a parity with the Bonds and any Additional Bonds theretofore or thereafter issued and outstanding as to the assignment to the Trustee of the Bond Bank's right, title and interest in the Revenues; provided, however, the payment of principal of and interest on any series of Additional Bonds will not be secured by the Letter of Credit and may or may not be secured and protected from sources or by property or instruments applicable to the Bonds and any one or more other series of Additional Bonds.

Events of Default and Remedies

The Indenture provides that each of the following shall be an "Event of Default":

- (a) Failure to pay when due any interest on any Bond or Additional Bond.
- (b) Failure to pay when due principal of or premium, if any, on any Bond or Additional Bond when due, whether at the stated maturity thereof, by redemption, by acceleration or otherwise.
- (c) Failure to pay on a Bond Purchase Date or Mandatory Bond Purchase Date amounts due to the Holder of any Bonds, or to the Beneficial Owner of any Beneficial Ownership Interests,

tendered or deemed tendered to the Trustee pursuant to the Indenture. See "THE BONDS -- Purchase of Bonds or Beneficial Ownership Interests on Demand of Holders," "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Conversion Between Modes," "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Delivery of an Alternate Letter of Credit" and "THE BONDS -- Mandatory Tender for Purchase of Bonds or Beneficial Ownership Interests Upon Expiration of the Letter of Credit or Alternate Letter of Credit" herein.

(d) Failure by the Bond Bank to observe or perform any other covenant, agreement or obligation on its part contained in the Indenture or the Bonds or Additional Bonds, which failure shall have continued for a period of thirty (30) days after written notice, by registered or certified mail, to the Bond Bank, the Bank and the Qualified Entity specifying the failure and requiring it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Bank or the Holders of not less than twenty-five percent (25%) in the aggregate principal amount of Bonds and any Additional Bonds then outstanding.

(e) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture or in any instrument furnished in compliance with or in reference to the Indenture is false or misleading, when made, in any material respect, which warranty, representation or other statement shall have not been remedied for a period of thirty (30) days after written notice, either by registered or certified mail, to the Bond Bank, the Bank and the Qualified Entity specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Bank or the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds and any Additional Bonds then outstanding;

(f) Receipt by the Trustee of a written notice from the Bank which states that an Event of Default under the Reimbursement Agreement has occurred and is continuing and directing the Trustee to accelerate the Bonds. See "THE REIMBURSEMENT AGREEMENT -- Events of Default and Remedies" herein.

(g) Failure of the Bank to honor any drawing properly made in accordance with the terms of the Letter of Credit.

(h) Certain events of insolvency relating to the Bank.

(i) Receipt by the Trustee of written notice from the Bank by the end of the fifth Business Day following the honoring of a drawing on the Letter of Credit for the payment of interest on the Bonds that the amount available to be drawn by the Trustee under the Letter of Credit has not been reinstated to an amount not less than 100% of the outstanding principal of the Bonds, plus interest on the Bonds at the maximum rate of 10% per annum for a period of 45 days, or 195 days if the Interest Rate Mode on the Bonds is six months or longer.

Upon the occurrence of an Event of Default under items (a), (b), (c), (f), (g) or (i), described above, the Trustee shall declare the principal of and accrued interest on all outstanding Bonds and any Additional Bonds to be immediately due and payable. Upon the occurrence of any other Event

of Default (except an Event of Default specified in (h) described above), the Trustee shall, upon the written direction of the Bank, declare the principal of and accrued interest on all outstanding Bonds and any Additional Bonds to be immediately due and payable. Upon the occurrence of an Event of Default under item (h) described above, and if there is not then existing an Event of Default described in (a), (b), (c), (f), (g) or (i), described above, the Trustee, without the consent of the Bank, may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds and any other Additional Bonds outstanding shall, declare the principal of and accrued interest on all outstanding Bonds and any Additional Bonds to be immediately due and payable. If such a declaration is made, the Trustee is required to draw upon the Letter of Credit to the extent permitted by the terms thereof and to give notice to Holders of such acceleration.

In addition, upon the happening and continuance of an Event of Default, the Trustee may pursue any other available remedy to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation of the Indenture or any other instrument providing security for the Bonds and any Additional Bonds; provided, however, that the Trustee shall not pursue any such remedy without the prior written consent of the Bank so long as no Event of Default described in (g) or (h) above has occurred and is continuing.

Right of Holders to Direct Proceedings

The Holders of at least a majority in aggregate principal amount of Bonds and Additional Bonds then outstanding will have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture, provided, that such direction shall not be otherwise than in accordance with the provisions of law and the Indenture and that the Trustee shall be indemnified to its satisfaction; provided, however, that so long as no Event of Default described in (g) or (h) above has occurred and is continuing, the Bank shall have the exclusive right to give such directions to the Trustee.

Waivers of Events of Default

The Trustee, but only with the express written consent of the Bank (other than in the case of an Event of Default described in items (a), (b), (c), (g) or (h) above), may waive an Event of Default and its consequences and may rescind and annul any declaration of maturity of principal of the Bonds and any Additional Bonds. The Trustee shall do so upon the written request of the Bank (other than in the case of an Event of Default described in items (a), (b), (c), (g) or (h) above). Notwithstanding the foregoing, prior to waiving any Event of Default described in item (f) or (i) above, the Trustee shall have received written confirmation from the Bank that the Letter of Credit has been reinstated to an amount not less than 100% of the outstanding principal of the Bonds, plus interest on the Bonds at the maximum rate of 10% per annum for a period of 45 days, or 195 days if the Interest Rate Mode on the Bonds is six months or longer.

There shall not be so waived, however, any Event of Default described in items (a), (b), (c), (g) or (h) above or any declaration of acceleration in connection therewith rescinded or annulled

except with the written consent of the Holders of all Bonds and any Additional Bonds then outstanding and of the Bank (other than in the case of an Event of Default described in items (g) or (h) above). In the case of such waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned, or determined adversely to it, the Bond Bank, the Trustee, the Bank and the Holders shall be restored to their former positions and rights under the Indenture. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Applications of Moneys Received Pursuant to Right of Action Taken

All moneys received by the Trustee after acceleration of the maturity of the Bonds and derived from any drawing made upon the Letter of Credit will be applied by the Trustee only to the payment of principal of or interest on the Bonds. Subject to the foregoing, all money received by the Trustee from remedial action taken shall be applied to the payment of the costs and expenses of the proceedings resulting in the collection of such money and all amounts otherwise owed to the Trustee and the Bond Bank under the Indenture, and the balance of such money shall be deposited in the General Fund and applied to the payment of Bond Service Charges on the Bonds and any Additional Bonds in the manner and in the order of priority set forth in the Indenture.

Rights and Remedies of Holders

No Holder of any Bond will have any right to institute any suit, action or proceeding for the enforcement of the Indenture or for the execution of any trust under the Indenture or any remedy under the Indenture, unless (i) an Event of Default has occurred and is continuing of which the Trustee has been notified or of which it is deemed to have notice, and (ii) the Holders of not less than 25% in aggregate principal amount of the Bonds and any Additional Bonds then outstanding have made written request to the Trustee and have afforded the Trustee reasonable opportunity to proceed to exercise the powers provided in the Indenture or to institute such action, suit or proceeding and have offered to the Trustee indemnity as provided for in the Indenture, and (iii) the Trustee thereafter has failed or refused to exercise its powers under the Indenture or to institute such action, suit or proceeding in its own name; provided, however, no Holder may institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or the enforcement of any remedy thereunder unless an Event of Default described in items (g) or (h) above has occurred and is continuing.

Supplemental Indentures

The Bond Bank and the Trustee, with the consent of the Qualified Entity and the Bank, may enter into supplemental indentures, without the consent of or notice to any of the Holders, for any one or more of the following purposes: (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture; (b) to grant to the Trustee additional rights, remedies, powers or authority

for the benefit of the Holders; (c) to assign additional revenues under the Indenture; (d) to accept additional security and instruments of further assurance; (e) to add to the covenants, agreements and obligations of the Bond Bank contained in the Indenture other covenants, agreements and obligations thereafter to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Bond Bank in the Indenture; (f) to evidence any succession to the Bond Bank and the assumption by such successor of the covenants, agreements and obligations of the Bond Bank contained in the Indenture and the Bonds; (g) to permit the exchange of Bonds for coupon Bonds in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the Predecessor Bonds (as defined in the Indenture), bearing interest at the same rates and maturing on the same dates, if that exchange would not result in the interest on any of the Bonds outstanding becoming included in the gross income of the Holders for federal income tax purposes; (h) to permit the Trustee to comply with any obligations imposed upon it by law; (i) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar, the Remarketing Agent and any Paying Agents or Authenticating Agents; (j) to achieve compliance of the Indenture with any applicable federal securities or tax law; (k) to evidence the appointment of a new Remarketing Agent; (l) to make necessary or advisable amendments or additions in connection with the issuance of Additional Bonds as do not adversely affect the Holders of the outstanding Bonds or Additional Bonds; (m) to permit any other amendment which is not materially adverse to the interests of the Trustee or the Holders, including, but not limited to, changes required in order to obtain or maintain a rating on the Bonds or any Additional Bonds from a Rating Service; and, (n) to accept a Supplemental Credit Facility as described in the Indenture.

Exclusive of supplemental indentures for the purposes above summarized, the consent of the Qualified Entity, the Bank and the Holders of not less than a majority in aggregate principal amount of the Bonds and Additional Bonds then outstanding will be required to approve any indenture supplementing or amending the Indenture, provided that: (i) without the consent of the Holder of each Bond or Additional Bond affected, no supplemental indenture shall permit an extension of the maturity of the principal of or the interest on any Bond or Additional Bond, or a reduction in principal amount of any Bond or Additional Bond or the rate of interest or redemption premium on any Bond or Additional Bond, or a reduction in the amount of or an extension of the time of paying any mandatory sinking fund requirements, and (ii) without the consent of the Holders of all Bonds and Additional Bonds then outstanding, no supplemental indenture shall permit the creation of a privilege or priority of any Bond or Additional Bond over any other Bond or Additional Bond, or a reduction in the aggregate principal amount of Bonds and Additional Bonds required for consent to such supplemental indenture.

Discharge of Lien

The lien of the Indenture will be discharged if the Bond Bank shall pay or cause to be paid and discharged all the outstanding Bonds and Additional Bonds or there shall otherwise be paid to the Holders of the outstanding Bonds and Additional Bonds all Bond Service Charges due or to become due thereon, and provisions shall also be made for paying all other amounts payable under the Indenture.

All or any part of the outstanding Bonds or any Additional Bonds will be deemed to have been paid and discharged within the meaning of the Indenture if (a) the Trustee and any Paying Agent shall have received and hold in trust and irrevocably committed for such payment, sufficient moneys which are Eligible Funds or the proceeds of drawings under the Letter of Credit, or other moneys accompanied by an opinion of bankruptcy counsel in a form acceptable to the Rating Service, if any, for the Bonds, or (b) the Trustee shall hold in trust, irrevocably committed for such payment, noncallable Government Obligations (purchased with Eligible Funds or the proceeds of drawings under the Letter of Credit or other moneys accompanied by an opinion of bankruptcy counsel in a form acceptable to the Rating Service if any, for the Bonds), certified by an independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient together with moneys referred to in (a) above, for the payment, of all Bond Service Charges on those Bonds or Additional Bonds on and to the next Interest Rate Adjustment Date, or prior redemption date, as the case may be; provided that if any of those Bonds or Additional Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or irrevocable provision shall have been duly made for the giving of such notice; and further provided that no Bonds or Additional Bonds, or any part thereof, shall be deemed to be paid and discharged within the meaning described in this paragraph if (1) the Interest Rate Mode of such Bonds or Additional Bonds is other than the Fixed Interest Rate, unless such Bonds or Additional Bonds are to be redeemed on or prior to the next Interest Rate Adjustment Date for such Bonds or Additional Bonds and notice of that redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of that notice, or (2) the Bonds or Additional Bonds bear interest at the Weekly Interest Rate. Any moneys so held by the Trustee may be invested by the Trustee, but only in noncallable Government Obligations, the maturities or redemption dates of which, at the option of the Holder, shall be not later than the date or dates at which said moneys will be required for the aforesaid purposes.

Notwithstanding anything herein to the contrary, if any Bonds are then rated by a Rating Service, no such Bonds shall be deemed to have been paid and discharged by reason of any deposit pursuant to paragraphs (a) and/or (b) above (other than any deposit of moneys, or Government Obligations purchased with moneys, which are the proceeds of drawings under the Letter of Credit) unless each such Rating Service shall have confirmed in writing to the Trustee that its rating will not be withdrawn or lowered as the result of any such deposit.

Payment Due on Non-Business Days

If any date on which the principal of or premium, if any, or interest on the Bonds is due is not a Business Day, then payment of such principal, premium or interest need not be made on that date but may be made on the next succeeding Business Day with the same force and effect as if that payment were made on such due date, and no interest shall accrue for the period after that date; provided, however, if the Bonds bear interest at the Weekly Interest Rate, the One Month Interest Rate or the Three Month Interest Rate, interest shall accrue from the scheduled date of purchase,

maturity or redemption until the Business Day on which such payment is made.

Unclaimed Moneys

In the event of nonpresentment of Bonds or uncashed checks or drafts for interest, the moneys sufficient to pay such Bonds or checks or drafts shall be held by the Trustee, without liability for interest thereon, in a separate account in the General Fund; provided that any moneys which shall be so held by the Trustee and which remain unclaimed by the Holder of the Bond for a period of five (5) years after the due date of such principal, interest or premium, shall be applied by the Trustee in accordance with the Unclaimed Property Act, Indiana Code 32-9-1.5, as amended from time to time. Prior to the transfer of any such moneys to the Attorney General of the State in accordance with the Unclaimed Property Act, the Trustee will conduct searches in an effort to locate lost Holders using reasonable care to ascertain the correct addresses of all lost Holders in accordance with the rules governing registered transfer agents promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1934, as amended, but only if and so long as the Trustee is a registered transfer agent under those rules. Upon the transfer of such moneys to the Attorney General of the State in accordance with the Unclaimed Property Act, the Bond Bank and the Trustee shall have no further responsibility or liability with respect to such moneys, and the Holders entitled to such principal, interest or premium shall look only to the State for payment, to the extent provided by law, and then only to the extent of the amounts so received by the State, without any interest thereon.

The Trustee

The Trustee is Bank One Trust Company, National Association, a national banking association, whose corporate trust department is located in Indianapolis, Indiana.

Prior to the occurrence of a default or an Event of Default of which the Trustee has been notified pursuant to the Indenture, or of which the Trustee is deemed to have notice under the Indenture, and after the cure or waiver of all defaults or Events of Default which may have occurred:

(i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in the Indenture, and no duties or obligations shall be implied to the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture, but in the case of any such certificates or opinions which by any provision of the Indenture are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.

At the time of an Event of Default and during the continuation thereof, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and shall use the same degree of

care and skill in its exercise, as a prudent man would exercise under the circumstances.

Extent of Bond Bank's Covenants; No Personal Liability

All agreements of the Bond Bank contained in the Indenture shall be effective to the extent authorized and permitted by applicable law and they shall not be deemed to be a covenant, stipulation, obligation or agreement of any present or future director, member, officer, agent or employee of the Bond Bank. No director or official of the Bond Bank executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

TAX MATTERS

In the opinion of Barnes & Thornburg, Indianapolis, Indiana, Bond Counsel, under existing laws, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Bonds (the “Code”). The opinion of Barnes & Thornburg is based on certain certifications, covenants and representations of the Bond Bank and the Qualified Entity and is conditioned on continuing compliance therewith. In the opinion of Barnes & Thornburg, Indianapolis, Indiana, Bond Counsel, under existing laws, interest on the Bonds is exempt from income taxation in the State of Indiana for all purposes except the State financial institutions tax. See Appendix B for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Bonds as a condition to the exclusion from gross income of interest on the Bonds for federal income tax purposes. Noncompliance with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue, regardless of the date on which noncompliance occurs. Should the Bonds bear interest that is not excluded from gross income for federal income tax purposes, the market value of the Bonds would be materially and adversely affected. It is not an event of default if interest on the Bonds is not excludable from gross income for federal income tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Bonds.

The interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Bonds are not “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in the State. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding the effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes of the conversion of the interest rate on the Bonds from the Weekly Interest Rate to a different Interest Rate Mode or the delivery of an Alternate Letter of Credit to the Trustee. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Bonds.

THE BONDS AS LEGAL INVESTMENTS

Under the Act, all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees and other fiduciaries in the State may legally invest sinking funds, money or other funds belonging to or within the control of such fiduciaries in the Bonds.

LITIGATION

Bond Bank

There is not now pending or, to the Bond Bank's knowledge, threatened any litigation: (1) restraining or enjoining the issuance, sale, execution or delivery of the Bonds; (2) prohibiting the Bond Bank from executing the Purchase Agreement or the Indenture; or (3) in any way contesting or affecting the validity of the Bonds, any proceedings of the Bond Bank taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Bonds. Neither the creation, organization or existence of the Bond Bank nor the title of any of the present Directors or other officers of the Bond Bank to their respective offices is being contested.

Qualified Entity

There is not now pending or, to the knowledge of the Qualified Entity, threatened any litigation: (1) restraining or enjoining the execution of the Purchase Agreement or the Qualified Obligation; or (2) in any way contesting or affecting the validity of the Qualified Obligation, any proceedings of the Qualified Entity or the pledge or application of any moneys or security provided for the payment of the Qualified Obligation. Neither the creation, organization or existence of the Qualified Entity nor the title of any of the present Directors or other officers of the Qualified Entity

to their respective offices is being contested.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving opinion of Barnes & Thornburg, Indianapolis, Indiana, as Bond Counsel. A signed copy of Bond Counsel's opinion, dated and premised on facts existing and law in effect as of the date of original delivery of the Bonds, will be delivered at the time of such original delivery. In rendering its approving legal opinion, Bond Counsel will rely upon certifications and representations of facts to be contained in the transcript of proceedings which Bond Counsel will not have independently verified.

Except for the discussion contained under the heading "TAX MATTERS" herein, Bond Counsel has not verified, is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in this Offering Memorandum.

Certain legal matters will be passed upon for the Agent by its counsel, Krieg DeVault LLP, Indianapolis, Indiana. Certain legal matters will be passed upon for the Bond Bank by its special counsel, Bingham McHale LLP, Indianapolis, Indiana. Certain legal matters will be passed upon for the Bank by Barnes & Thornburg, Indianapolis, Indiana.

EXEMPTION FROM CONTINUING DISCLOSURE REQUIREMENTS

The Bonds are exempt from the continuing disclosure requirements of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") so long as they bear interest in an Adjustable Interest Rate Mode having a duration of nine months or less. If the Bonds are converted to bear interest in a Fixed Interest Rate Mode or an Adjustable Interest Rate Mode having a duration of more than nine months, the Bonds may become subject to the continuing disclosure requirements of the Rule and, in such event, the Qualified Entity has covenanted that it will comply with the Rule and all other statutes, regulations, judicial decisions or laws relating to continuing disclosure, including, without limitation, executing and delivering an undertaking to comply with such statutes, regulations, judicial decisions or laws on or prior to the remarketing of such Bonds upon their conversion to bear interest in a Fixed Interest Rate Mode or an Adjustable Rate Interest Mode having a duration of more than nine months.

PRIVATE PLACEMENT OF BONDS

The Bond Bank, the Qualified Entity and the Agent have entered into a Bond Placement Agreement with respect to the Bonds pursuant to which the Agent has agreed, subject to the terms and conditions of the Bond Placement Agreement, to use its "best efforts" to privately place all of the Bonds. The Bonds are being placed on a "best efforts, all or none basis" and all of the Bonds must be placed in order for any of the Bonds to be placed. The Agent will receive a fee in the amount of \$52,200 for placement of the Bonds.

The Bonds initially will be "privately placed" by the Agent only with entities, and will be

remarketed by the Remarketing Agent only to entities, which represent that they are accredited investors as defined in Rule 501(a) of Regulation D under the Securities Act of 1933 ("Accredited Investors").

To be eligible to purchase Bonds, a potential investor must demonstrate that it qualifies as an Accredited Investor and the Agent or the Remarketing Agent, as applicable, must reasonably believe, immediately prior to making the placement, or the sale upon remarketing, as applicable, that the prospective investor has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the prospective investment. The above-described standards represent minimum suitability requirements for prospective investors and the satisfaction of such standards by a prospective investor does not necessarily mean that the Bonds are suitable investments for the prospective investor.

CONCLUDING STATEMENT

The foregoing references to, and summaries or descriptions of, provisions of the Bonds, the Letter of Credit, the Reimbursement Agreement and the Indenture and all references to other documents or materials not stated to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Copies of the Letter of Credit, the Reimbursement Agreement and the Indenture may be obtained from the Agent or the Trustee as set forth herein under "INTRODUCTORY STATEMENT" herein.

This Offering Memorandum is submitted in connection with the issuance and sale of the Bonds, and may not be reproduced or used, in whole or in part, for any other purpose.

Any statements in this Offering Memorandum involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any such statements will be realized.

The agreements of the Bond Bank, the Qualified Entity, the Trustee and the Bank are fully set forth in the Indenture, the Reimbursement Agreement and the Letter of Credit. Neither any advertisement of the Bonds nor this Offering Memorandum is to be construed as constituting a contract or agreement with the Holders or Beneficial Owners of the Bonds.

APPENDIX A

THE HUNTINGTON NATIONAL BANK

**[For information, please contact Jay Gould, (614) 480-4060,
at Huntington Investor Relations]**

APPENDIX B
FORM OF BOND COUNSEL OPINION

April ____, 2002

Indiana Bond Bank
Indianapolis, Indiana

Re: \$5,800,000 Indiana Bond Bank, Adjustable Rate Special Program Bonds,
 Series 2002 B (Tri-County Conservancy District Project)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Indiana Bond Bank (the "Issuer") of \$5,800,000 aggregate principal amount of its Adjustable Rate Special Program Bonds, Series 2002 B (Tri-County Conservancy District Project), dated as of the date hereof (the "Bonds"), pursuant to Indiana Code 5-1.5, as amended, and a Trust Indenture between the Issuer and Bank One Trust Company, National Association, as trustee (the "Trustee"), dated as of April 1, 2002 (the "Indenture"). We have examined the law and such certified proceedings for the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion.

The Bonds are issued initially in the form of fully registered bonds in the denomination of \$100,000 and any integral multiple of \$5,000 in excess thereof. The Bonds bear interest at the Weekly Interest Rate (as defined in the Indenture), may be converted from the Weekly Interest Rate to a different Interest Rate Mode (as defined in the Indenture), and are subject to redemption and tender for purchase, all as more particularly described in the Indenture. Prior to a conversion of the interest rate on the Bonds from the Weekly Interest Rate to a different Interest Rate Mode or the delivery of an Alternate Letter of Credit (as defined in the Indenture) to the Trustee, an opinion of nationally recognized bond counsel is required as to certain matters with respect to the Bonds.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture, the certified proceedings for the authorization, issuance and sale of the Bonds and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Qualified Entity (as defined in the Indenture) and others, including certifications contained in the tax and arbitrage certificate of the Issuer, dated the date hereof, and the tax and arbitrage certificate of the Qualified Entity, dated the date hereof, without undertaking to verify the same by independent investigation.

Indiana Bond Bank

Indianapolis, Indiana

April ___, 2002

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Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a body corporate and politic validly existing under Indiana Code 5-1.5, with the corporate power to execute and deliver the Indenture and to issue, execute and deliver the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the Issuer, and are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms. The Bonds are payable solely from the Trust Estate (as defined in the Indenture).

3. The Indenture has been duly authorized, executed and delivered by the Issuer, and is a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.

4. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), the interest on the Bonds is excluded from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that each of the Issuer and the Qualified Entity comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Each of the Issuer and the Qualified Entities has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding the effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes of the conversion of the interest rate on the Bonds from the Weekly Interest Rate to a different Interest Rate Mode or the delivery of an Alternate Letter of Credit to the Trustee. Except for the opinion expressed in paragraph 5 hereof, we express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings.

6. Interest on the Bonds is exempt from income taxation in the State of Indiana (the "State") for all purposes except the State financial institutions tax.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Offering Memorandum, dated the date hereof, or any other offering material relating to the Bonds.
Indiana Bond Bank

Indianapolis, Indiana

April ___, 2002

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With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights the enforceability of such document or instrument may be limited by general principles of equity; (iii) enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, provided, however, that in our opinion the unenforceability of those provisions would not, subject the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.